

Appendix B: Draft Management Representation Letter

Our Ref:

Dear Engagement Lead

This representation letter is provided in connection with your audit of the financial statements of Eastbourne Borough Council and its subsidiaries (the “Council” and together the “Group”) 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 and the Group 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.

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 which give a true and fair view, as set out in the terms of the audit engagement letter.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value and assessing the impact of Covid-19 on the Group are reasonable. We have specifically considered the impact of Covid-19 and we do not consider that any matters arising in relation to this have impacted the measurement of items as at 31 March 2020. We have made the relevant disclosures regarding the impact of this subsequent to this date in both the narrative and notes to the Statement of Accounts.
3. The assumptions and judgements used by us specifically in valuing the loan and rental guarantees and related receivables associated with the arrangements entered into by group company Infrastructure Company Eastbourne Ltd, with Infrastructure Investments Leicester Ltd as the counterparty, are reasonable and reflect our best judgement of assumptions at inception of the agreement and as at 31 March 2020, including in accounting for the Joint Venture interest in the group accounts.
4. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 “*Related party disclosures*”.
5. 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.
6. 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

Appendix B: Draft Management Representation Letter

7. 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 and the Group's ability to continue as a going concern, including principal conditions or events and our plans. We do not intend to liquidate the Group 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 and the Group'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.
8. 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.
9. 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.
10. The disclosures related to accounting estimates under the entity's applicable financial reporting framework are complete and appropriate.
11. There have been no subsequent events that require adjustments to the accounting estimates and disclosures included in the financial statements.
12. The Group has satisfactory title to all assets and there are no liens or encumbrances on the Group's assets and assets pledged as collateral
13. We have recorded or disclosed, as appropriate, all liabilities both actual and contingent
14. 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 and Addendum to the Annual Governance Statement.
15. We have reviewed our provisioning for NNDR, Council tax and HRA debtor provisioning, and consider the assumptions in respect of recoverability to reflect our best assessment of the recoverable amount 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 Group'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

Appendix B: Draft Management Representation Letter

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 2020 and do not consider this material to the financial statements.

We have considered the valuation of the Group'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 Group'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 Group'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 Group.
20. 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.
21. 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.
22. We confirm that all of the disclosures within the Narrative Report and Annual Governance Statement and Addendum to the Annual Governance Statement, and in the remuneration disclosures within the financial statements, have been prepared in accordance with the relevant legislation and guidance.

Information provided

23. We have provided you with:

Appendix B: Draft Management Representation Letter

- 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.
24. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
25. 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.
26. 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.
27. We are not aware of any fraud or suspected fraud that affects the Council or Group 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.
28. We confirm that:
- (i) we consider that the *Group* 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.
29. 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, analysts, regulators or others.
30. 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
31. We have disclosed to you the identity of the Group's related parties and all the related party relationships and transactions of which we are aware.
32. 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

Appendix B: Draft Management Representation Letter

connection with litigation have been or are expected to be received.

33. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

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 Eastbourne Borough Council

Appendix 1

Schedule of Uncorrected Misstatements

Description	Assets DR / (CR) £	Liabilities DR / (CR) £	Equity DR / (CR) £	Income Statement DR / (CR) £
Housing Rent arrears debtor balance not linked to specific individual invoices	(135,000)			135,000
Capitalisation of rental reductions on leaseholders	(200,000)			200,000

Disclosure deficiencies:

#	Disclosure title	Description of the deficiency and explanation of why not adjusted	Amount (if applicable)
	None		