



28th January 2020

Neil Harris
Associate Partner
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Dear Neil

Brentwood Borough Council – Management Representation Letter 2018/19

This letter of representation is provided in connection with your audit of the consolidated and council financial statements of Brentwood Borough Council for the year ended 31 March 2019. The Council recognises that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and council financial statements give a true and fair view of the financial position of Brentwood Borough Council as of 31 March 2019 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Council CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

The Council understands that the purpose of your audit of our consolidated and council financial statements is to express an opinion thereon and that your audit was conducted in a true and fair view of the Council financial accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify -nor necessarily be expected to disclose -all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, the Council makes the following representations, which are true to the best of our knowledge and belief, having made such inquiries as The Council considered necessary for the purpose of appropriately informing itself:

A. Financial Statements and Financial Records

1. The Council has fulfilled its responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

2. The Council acknowledges its responsibility for the fair presentation of the consolidated and council financial statements and believes the consolidated and council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and are free of material misstatements, including omissions. The Council have approved the consolidated and council financial statements.
3. The significant accounting policies adopted in the preparation of the Council financial statements are appropriately described in the Council financial statements.
4. The Council believes that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 for the Council that are free from material misstatement, whether due to fraud or error.
5. The Council believes that the effects of any unadjusted audit differences, summarised below, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and council financial statements taken as a whole. The differences relate to
 - Group accounting – the valuation of one investment property is higher than the consideration of the work performed by your real estate specialists by £242,000
 - Classification of housing benefit subsidy payable to DWP in receivables and payables resulting in both receivables and payable is overstated by £86k.
6. The Council has not corrected these differences identified by and brought to its attention by the auditors because they do not affect the users of the financial statements understanding of the fundamental financial position of the Council and are not considered to be material differences.

B. Non-compliance with law and regulations, including fraud

1. The Council acknowledges that it is responsible for determining that the Group's and Council's activities are conducted in accordance with laws and regulations, including:
 - a. Identifying and addressing any non-compliance with applicable laws and regulations including fraud;
 - b. Responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud
 - c. Disclosure of the results of its assessment of the risk that the financial
2. The Council has disclosed to you the results of its assessment of the risk that the consolidated and Council financial statements may be materially misstated as a result of fraud.

3. The Council has no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by “whistleblowers”), including non-compliance matters:
- involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Council’s financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council’s activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. The Council has provided you with:
- Access to all information of which The Council 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.
2. All material transactions have been recorded in the accounting records and are reflected in the consolidated and council financial statements.
3. The Council has made available to you all minutes of the meetings of the Council, and Committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on 28 January 2020.
4. The Council confirms the completeness of information provided regarding the identification of related parties. The Council have disclosed to you the identity of the Group and Council’s related parties and all related party relationships and transactions of which it is aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated and council financial statements.
5. The Council believes that the significant assumptions it used in making accounting estimates, including those measured at fair value, are reasonable

7. The Council has disclosed to you, and the Group and Council have complied with, all aspects of contractual agreements that could have a material effect on the consolidated and council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and council financial statements.
2. No claims in connection with litigation have been or are expected to be received..

E. Subsequent Events

1. Other than disclosures described in Note 35 to the consolidated and council financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and council financial statements or notes thereto.

F. Group audits

1. There are no significant restrictions on the Council's ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst council, subsidiary undertakings and associated undertakings

G. Other information

1. The Council acknowledges its responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.
2. The Council confirms that the content contained within the other information is consistent with the financial statements.

H. Going Concern

1. The consolidated and council financial statements disclose all of the matters of which it is aware that are relevant to the Group's and Council's ability to continue as a going concern, including significant conditions and events, plans for future action, and the feasibility of those plans.

I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Group and Council have satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Group and Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the consolidated and council financial statements.
3. The Council has no plans to abandon lines of product or other plans that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of the Council's cash and investment accounts. The Council has no other line of credit arrangement.

J. Reserves

1. The Council has properly recorded or disclosed in the financial statements the useable and unusable reserves.

K. Property valuation and retirement benefits estimates

1. The Council believes that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. The Council confirms that the significant assumptions used in making the valuation of land and buildings appropriately reflect our intent and ability to utilise the assets on behalf of the entity.
3. The Council confirms that the disclosures made in the financial statements with respect to the accounting estimates are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
4. The Council confirms that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.

L. Use of the work of a specialist

1. The Council agrees with the findings of the specialists that it engaged to evaluate the valuation of land and buildings and retirement benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. The Council did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and is not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

M. Retirement benefits

1. The Council is satisfied that it has made appropriate enquiries on the basis of the process established by us that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours sincerely

Jacqueline Van Mellaerts
Director of Corporate Resources

Confirmation by Chair of Committee

I confirm that this letter was considered and approved by the Audit & Scrutiny Committee on 28th January 2020

Charles Nolan
Chair of Audit & Scrutiny Committee