



29 July 2019

Andrew Brittain  
Associate Partner  
Ernst & Young LLP  
Apex Plaza  
Forbury Road  
Reading  
RG1 1 YE

Dear Andrew

This letter of representation is provided in connection with your audit of the Council's financial statements of Bracknell Forest Council ("the Council") for the year ended 31<sup>st</sup> March 2019. We recognise 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 Council's financial statements give a true and fair view of the Council's financial position of Bracknell Forest Council as of 31<sup>st</sup> March 2019 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We understand that the purpose of your audit of our Council financial statements is to express an opinion thereon and that your audit was conducted in 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, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### **A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the Council's financial statements. We believe the Council

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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 for the Council and are free of material misstatements, including omissions. We have approved the Council's financial statements.

3. The significant accounting policies adopted in the preparation of the Council's financial statements are appropriately described in the Council's financial statements.
4. As members of management of the Council, we believe that the 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. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the Council financial statements may be materially misstated as a result of fraud.
4. We have 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 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-

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compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### **C. Information Provided and Completeness of Information and Transactions**

1. 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.
2. All material transactions have been recorded in the accounting records and are reflected in the Council's financial statements.
3. We have made available to you all minutes of the meetings of the Council, and committees held through the year to the most recent meeting on the following date: 24<sup>th</sup> July 2019.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are 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 related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the Council's financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the Council's 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 Council's financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent. There are no guarantees that we have given to third parties.

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### **E. Subsequent Events**

1. There have been no events subsequent to year end which require adjustment of or disclosure in the Council's financial statements or notes thereto.

### **F. Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Annual Report, Narrative Report, the Statement of Accountable Officers Responsibilities and the Annual Governance Statement for 2018/19.
2. We confirm that the content contained within the other information is consistent with the financial statements.

### **G. Ownership of Assets**

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheets, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council's has satisfactory title appear in the balance sheets.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the Council's financial statements.
3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

### **H. Reserves**

1. We have properly recorded or disclosed in the Council's financial statements the useable and unusable reserves.

### **I. Contingent Liabilities**

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the Council's financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the Council's financial statements).

We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

- (1) Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the Council's financial statements or as a basis for recording a loss contingency).

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**J. Use of the Work of a Specialist**

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of Property, Plant and Equipment and the Pension Liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's financial statements and the underlying accounting records. We 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 we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

**K. Property, Plant and Equipment and Pension Estimates**

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We confirm that the significant assumptions used in making the accounting estimate of property, plant and equipment and pensions appropriately reflect our intent and ability to carry out providing services on behalf of the entity.
3. We confirm that the disclosures made in the Council's financial statements with respect to the accounting estimates are complete and made in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
4. We confirm that no adjustments are required to the accounting estimates and disclosures in the Council financial statements due to subsequent events.

**L. Retirement benefits**

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied 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,*

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Stuart McKellar – Director: Finance

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Nick Allen – Chair of the Governance and Audit Committee

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## Bracknell Forest Council – unadjusted audit differences schedule 2018-19

We have identified one judgemental audit differences to bring your attention, both of which relate to estimates within your financial statements:

### **1. PPE valuation**

This relates to the value of PPE assets in the Council's Statement of Accounts. The value of the unadjusted difference is £1.1m.

The difference was identified the audit work on PPE valuation, reviewing those assets not revalued as part of the 2018/19 valuation exercise and assessing whether they could be materially different to the value disclosed in the financial statements. The Council has adjusted their accounts and made an adjustment of £14.5m to increase PPE values. However, there was one uncorrected judgemental difference of £1.1 million increase to the value of assets within the PPE balance that was not revalued in 2018/19.

The difference is not material to the accounts and we have sufficient assurance that the Council's estimate of PPE assets as a whole is materially correct.