

**PricewaterhouseCoopers LLP**

Abacus House,  
Castle Park,  
Cambridge,  
CB3 0AN

Dear Sirs

**Representation letter – audit of Huntingdonshire District Council's (the Authority)  
Annual Financial Report for the year ended 31 March 2013**

Your audit is conducted for the purpose of expressing an opinion as to whether the Annual Financial Report of the Authority give a true and fair view of the affairs of the Authority as at 31 March 2013 and of its deficit and cash flows for the year then ended and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 supported by the Service Reporting Code of Practice 2012/13.

I acknowledge my responsibilities as the Assistant Director (Finance and Resources) for preparing the Annual Financial Report as set out in the Statement of Responsibilities for the Annual Financial Report. I also acknowledge my responsibility for the administration of the financial affairs of the authority and that I am responsible for making accurate representations to you.

I confirm that the following representations are made on the basis of enquiries of other chief officers and members of the Authority with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy myself that I can properly make each of the following representations to you.

I confirm, to the best of my knowledge and belief, and having made the appropriate enquiries, the following representations:

***Annual Financial Report***

I have fulfilled my responsibilities for the preparation of the Annual Financial Report in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 supported by the Service Reporting Code of Practice 2012/13; in particular the Annual Financial Report give a true and fair view in accordance therewith.

All transactions have been recorded in the accounting records and are reflected in the Annual Financial Report.

Significant assumptions used by the Authority in making accounting estimates, including those surrounding measurement at fair value, are reasonable.

All events subsequent to the date of the Annual Financial Report for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 requires adjustment or disclosure have been adjusted or disclosed.

The Authority has recognised the following significant accounting estimates in the Annual Financial Report:

- Provision for bad debts;
- Valuation of property, plant and equipment, intangibles and investment properties;
- Estimated useful economic lives of property, plant and equipment and intangible assets; and
- Calculation of the pension scheme assets and liabilities.

Regarding the above accounting estimates:

- I confirm the Authority has used appropriate measurement processes, including related assumptions and models, in determining the accounting estimate in the context of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.
- Measurement processes were consistently applied from year to year.
- The assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the authority, where relevant to the accounting estimates and disclosures.
- Disclosures related to accounting estimates are complete and appropriate under the CIPFA/ CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.
- No subsequent event requires adjustment to the accounting estimates and disclosures included in the Annual Financial Report.

The selection and application of accounting policies are appropriate.

The following have been recognised, measured, presented or disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

- Plans or intentions that may affect the carrying value or classification of assets and liabilities;
- Liabilities, both actual and contingent;
- Title to, or control over assets, liens or encumbrances on assets, and assets pledged as collateral; and
- Aspects of laws, regulations and contractual agreements that may affect the Annual Financial Report, including non-compliance.

### ***Information Provided***

I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that you, the authority's auditors, are aware of that information.

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the Annual Financial Report such as records, documentation and other matters, including minutes of the Authority and its committees, and relevant management meetings;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

I have communicated to you all deficiencies in internal control of which I am aware.

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

### ***Accounting policies***

I confirm that I have reviewed the Authority's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of Annual Financial Report are appropriate to give a true and fair view for the authority's particular circumstances.

### ***Fraud and non-compliance with laws and regulations***

I acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

I have disclosed to you:

- the results of our assessment of the risk that the Annual Financial Report may be materially misstated as a result of fraud.
- all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the Annual Financial Report.
- all information in relation to allegations of fraud, or suspected fraud, affecting the Authority's Annual Financial Report communicated by employees, former employees, analysts, regulators or others.
- all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing Annual Financial Report.

I am not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations which provide a legal framework within which the Authority conducts its business and which are central to the authority's ability to conduct its business or that could have a material effect on the Annual Financial Report.

I am not aware of any irregularities, or allegations of irregularities including fraud, involving members, management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the Annual Financial Report.

The Authority pension fund has not made any reports to the Pensions Regulator nor am I aware of any such reports having been made by any of our advisors. I confirm that I am not aware of any late contributions or breaches of the payment schedule that have arisen which I considered were not required to be reported to the Pensions Regulator. I also confirm that I am not aware of any other matters which have arisen that would require a report to the Pensions Regulator.

There have been no other communications with the Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.

### ***Related party transactions***

I confirm that we have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Section 3.9 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

We confirm that we have identified to you all senior officers, as defined by the Accounts and Audit Regulations 2011, and included their remuneration in the disclosures of senior officer remuneration.

### ***Employee Benefits***

I confirm that we have made you aware of all employee benefit schemes in which employees of the authority participate.

### ***Contractual arrangements/agreements***

All contractual arrangements (including side-letters to agreements) entered into by the Authority have been properly reflected in the accounting records or, where material (or potentially material) to the Annual Financial Report, have been disclosed to you.

The Authority has complied with all aspects of contractual agreements that could have a material effect on the Annual Financial Report in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the Annual Financial Report in the event of non-compliance.

I have disclosed all material agreements that have been undertaken by the Authority in carrying on its business.

### ***Litigation and claims***

I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the Annual Financial Report and such matters have been appropriately accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

### ***Taxation***

I have complied with UK taxation requirements and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any direct tax or any indirect taxes. I am not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and I have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In particular:

- In connection with any tax accounting requirements, I am satisfied that our systems are capable of identifying all material tax liabilities and transactions subject to tax and have maintained all documents and records required to be kept by the relevant tax authorities in accordance with UK law or in accordance with any agreement reached with such authorities.
- I have submitted all returns and made all payments that were required to be made (within the relevant time limits) to the relevant tax authorities including any return requiring us to disclose any tax planning transactions that have been undertaken the authority's benefit or any other party's benefit.
- I am not aware of any taxation, penalties or interest that are yet to be assessed relating to either the authority or any associated company for whose taxation liabilities the authority may be responsible.

### **Retirement benefits**

All retirement benefits that the Authority is committed to providing, including any arrangements that are statutory, contractual or implicit in the authority's actions, wherever they arise, whether funded or unfunded, approved or unapproved, have been identified and properly accounted for and/or disclosed.

All settlements and curtailments in respect of retirement benefit schemes have been identified and properly accounted for.

The following actuarial assumptions underlying the valuation of retirement benefit scheme liabilities are consistent with my knowledge of the business and in my view would lead to the best estimate of the future cash flows that will arise under the scheme liabilities:

| 2011/12    | County Fund – Main Assumptions                     | 2012/13    |
|------------|--|------------|
| 2.5%       | Rate of inflation of pensions                      | 2.8%       |
| 4.8%       | Rate of increase in salaries                       | 5.1%       |
| 2.5%       | Rate of increase in pensions                       | 2.8%       |
| 4.8%       | Rate of discounting scheme liabilities             | 4.5%       |
| 5.6%       | Expected return on assets                          | 4.5%       |
|            | <i>Mortality</i>                                   |            |
|            | Longevity at 65 for current pensioners             |            |
| 21.0 years | Men  | 21.0 years |
| 23.8 years | Women  | 23.8 years |
|            | Longevity at 65 for future pensioners              |            |
| 22.9 years | Men  | 22.9 years |
| 25.7 years | Women  | 25.7 years |
|            | <i>Expected long-term rate of return on assets</i> |            |
| 6.3%       | Equity Investments                                 | 4.5%       |
| 3.3%       | Bonds  | 4.5%       |
| 4.4%       | Property   | 4.5%       |
| 3.5%       | Cash   | 4.5%       |
| 25%        | Take-up option to convert                          | 25%        |
| 63%        | pension into tax free lump sum                     | 63%        |
|            | up to HMRC limits                                  |            |
|            | For pre-April 2008 service                         |            |
|            | For post-April 2008 service                        |            |

### **Pension fund assets and liabilities**

All known assets and liabilities including contingent liabilities, as at the 31 March 2013, have been taken into account or referred to in the Annual Financial Report.

Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the 31 March 2013 have been properly valued and that valuation incorporated into the Annual Financial Report.

The pension fund has satisfactory title to all assets and there are no liens or encumbrances on the pension fund's assets.

The value at which assets and liabilities are recorded in the net assets statement is, in the opinion of the authority, the market value. We are responsible for the reasonableness of any significant assumptions underlying the valuation, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the pension fund.



Any significant changes in those values since the date of the Annual Financial Report have been disclosed to you.

***Pension fund registered status***

I confirm that the Cambridgeshire County Council Local Government Pension Scheme in which the authority participates is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.

***Bank accounts***

I confirm that I have disclosed all bank accounts to you.

***Items offset against one another***

Regarding cash balances that have been offset against the bank overdraft and the net amount reported, I confirm that I am satisfied as to the legal right of offset as confirmed by the Authority's bank.

***Provisions***

- Provisions for depreciation and diminution in value including obsolescence have been made against property, plant and equipment on the bases described in the Annual Financial Report and at rates calculated to reduce the net book amount of each asset to its estimated residual value by the end of its probable useful life in the authority's business. In this respect I am satisfied that the probable useful lives have been realistically estimated and that the residual values are expressed in current terms.
- Full provision has been made for all liabilities at the balance sheet date including guarantees, commitments (in particular in relation to redundancy plans) and contingencies where the items are expected to result in significant loss.

***Using the work of experts***

The Authority makes use of the following experts in preparing its Annual Financial Report:

- Barker Storey Matthews for the valuation of property, plant and equipment; and
- Hymans Robertson, actuary to the Local Government Pension Scheme.

I agree with the findings of the experts listed above in evaluating the valuation of properties and the pension scheme and have adequately considered the competence and capabilities of the experts in determining the amounts and disclosures used in the preparation of the Annual Financial Report and underlying accounting records. The Authority did not give or cause any instructions to be given to experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact on the objectivity of the experts.

***Assets and liabilities***

The Authority has no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the Annual Financial Report.

In my opinion, on realisation in the ordinary course of the business the current assets in the balance sheet are expected to produce no less than the net book amounts at which they are stated.

The Authority has satisfactory title to all assets and there are no liens or encumbrances on the Authority's assets.

I confirm that we have carried out impairment reviews appropriately, including an assessment of when such reviews are required, where they are not mandatory. I confirm that we have used the appropriate assumptions with those reviews.

Details of all financial instruments entered into during the year have been made available to you.

### ***Financial Instruments***

Where fair values have been assigned to financial instruments, I confirm that the valuation techniques, the inputs to those techniques and assumptions that have been made are appropriate and reflect market conditions at the balance sheet date, and are in line with the business environment in which we operate.

### ***Disclosures***

Where appropriate, the identity of, and balances and transactions with, related parties have been properly recorded and adequately disclosed in the Annual Financial Report.

I confirm that the Authority has recorded or disclosed, as appropriate, all formal or informal arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.

I confirm that the Authority has recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and has disclosed in the Annual Financial Report all guarantees that we have given to third parties, including oral guarantees made by the Authority on behalf of an affiliate, member, officer or any other third party.

### ***Litigation***

I am not aware of any pending or threatened litigation, proceedings, hearings or claims negotiations which may result in significant loss to the Authority.

### ***Transactions with members/officers***

Except as disclosed in the Annual Financial Report, no transactions involving members, officers and others requiring disclosure in the Annual Financial Report under the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 have been entered into.

### ***Items specific to Local Government***

- I confirm that the Authority does not have plans to implement any redundancy/early retirement programmes [other than those disclosed in note 38 to the Annual Financial Report for which we should have made provision in the Annual Financial Report.
- I confirm that the Authority has determined a prudent amount of revenue provision for the year under the Prudential Framework.
- I confirm that the Authority has determined a proper application of the statutory provisions for the neutralisation of the impact of accumulating compensated absences on the General Fund balance.

### ***Subsequent events***

Other than as described in the Annual Financial Report, there have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the Annual Financial Report or in the notes thereto.

As minuted by the Corporate Governance Panel at its meeting on 26 September 2013

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(Assistant Director (Finance and Resources))

For and on behalf of Huntingdonshire District Council

Date .....