

AGENDA ITEM 7 – APPENDIX C

Grant Thornton UK LLP
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Melton Street
London
NW1 2EP

Enquiries to: Bernard Clarke
Phone no: 01923 278189
Our reference: BC
Your reference:

Date: 30 September 2009

Dear Sirs

Watford Borough Council 31 March 2009

The following letter of management representations covers the Statement of Accounts for Watford Borough Council.

We are writing to confirm to the best of our knowledge and belief, and having made appropriate enquiries of other officers of the authority, the following representations given to you in respect of your audit of the above financial statements for the year ended 31 March 2009.

- i we acknowledge our responsibilities for ensuring that financial statements are in accordance with the Statement of Recommended Practice (SoRP) for Local Authority Accounts and present fairly the financial position of the Authority. We also acknowledge our responsibility for making accurate representations to you.
- ii as far as we are aware:
 - a there is no relevant audit information of which you are unaware;
and
 - b we have taken all steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that you are aware of that information
- iii all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the authority have been properly reflected and recorded in the accounting records
- iv all other records and related information, including minutes of all authority and Committee meetings, have been made available to you
- v we acknowledge our responsibilities for making the accounting estimates included in the financial statements. Where it was necessary to choose

between estimation techniques that comply with the 2008 SORP, we selected the estimation technique considered to be the most appropriate to the authority's particular circumstances for the purpose of giving a presents fairly view. Those estimates reflect our judgement based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:

- i. to reduce debtors to their estimated collectable amounts;
- ii. for any revaluations and impairment losses identified in relation to tangible fixed assets;
- iii. for reclassification of intangible assets to vehicle, plant and equipment;
- iv. for outstanding liabilities for insurance claims;

- vi on the basis of the process we established to enable us to include the information required by FRS 17 "Retirement benefits" in our financial statements, and having made appropriate enquiries, we confirm that we are satisfied that the actuarial assumptions underlying the valuation of scheme liabilities are consistent with our knowledge of the business. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant retirement benefits have been identified and properly accounted for unfunded commitments.
- vii the financial statements are free of material misstatements, including omissions
- viii we acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and fraud
- ix 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
- x we are not aware of any irregularities, including fraud, involving management or employees of the authority; nor are we aware of any instances of actual or possible non-compliance with laws, regulations, contracts, agreements or the authority's constitution that might result in the authority suffering significant penalties or other loss. No allegations of such irregularities, including fraud, or such non-compliance have come to our notice

- xi we have disclosed to you all related parties and there were no transactions with officers, members or other related parties which should be disclosed in the financial statements.
- xii We have reviewed the basis for valuation of the Authority's land and property fixed assets and confirm that:
 - a it is in line with the accounting policies set out in the accounts.
 - b it is described appropriately in the notes to the accounts
 - c it is based upon the valuation principles and guidance provided by the Royal Institute of Chartered Surveyors (RICS).
- xiii except as stated in the accounts:
 - a there are no unrecorded liabilities, actual or contingent
 - b none of the assets of the authority has been assigned, pledged or mortgaged
 - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- xiv there are no employee or other claims, legal proceedings or other matters which may lead to a loss falling on the authority or which could result in the creation of an unrecorded asset, that should be disclosed in the financial statements
- xv the authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements 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 financial statements in the event of non-compliance
- xvi we have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements
- xvii no significant events having an effect on the financial position of the authority have taken place since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto
- xviii we believe that the authority's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the authority's needs. We believe that as at 30 September 2009 no further disclosures relating to the authority's ability to continue as a going concern need to be made in the financial statements.

xix we have adjusted the misstatements brought to our attention on the audit differences and adjustments summary, attached to this letter, as they are material to the results of the authority and financial position at the year-end.

The financial statements have been fully explained to and discussed with us.

Approval

The approval of this letter of representation was minuted by the Audit Committee at its meeting on 30 September 2009.

Signed on behalf of Watford Borough Council

Name Alastair Robertson

Name Bernard Clarke

Position Managing Director

Position Head of Strategic Finance

Date

Date

Disclosure adjustments

The Pension Fund auditors for Hertfordshire County Council identified a difference between the actuary's estimate and the year end actual return from the pension funds which resulted in the Council's pension assets being understated by £1.5million. The adjustment has been processed in the financial statements.

A number of disclosure adjustments have been agreed to improve the clarity and presentation of the accounts that do not affect the reported financial position.



