

# Rochford District Council Audit results report

Year ended 31 Month 2024

10 February 2024





Audit Committee  
Rochford District Council  
South Street  
Rochford  
SS4 1BW

10 February 2024

Dear Audit Committee Members

2023/24 Audit results report

We are pleased to attach our audit results report, summarising the status of our audit for the forthcoming meeting of the Audit Committee.

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Rochford District Council's accounting policies and judgements and material internal control findings.

This report considers the impact of Government proposals, which have now been enacted through secondary legislation, to clear the backlog in local audit and put the local audit system on a sustainable footing. The proposals recognise that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Audit Committee, as the Authority's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. We will consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the audit committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements, and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

Given that Statutory Instrument 2024/907 "The Accounts and Audit (Amendment) Regulations 2024 ("SI 2024/907") imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

We have also taken into account SI 2024/907 and Local Authority Reset and Recovery Implementation Guidance Notes issued by the National Audit Office and endorsed by the Financial Reporting Council, together with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

As reported in our 22/11/2024 Audit Completion Report, we issued a disclaimed audit report on the Council's financial statements for 2021/22 and 2022/23 under these arrangements to reset and recover local government audit. Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, we have not obtained sufficient evidence to be able to conclude that the financial statements are free from material and pervasive misstatement. Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatements. We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

This report is intended solely for the information and use of the Audit Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully

*E. Jackson.*

Elizabeth Jackson

Partner

For and on behalf of Ernst & Young LLP

Enc



# Contents



Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code), and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of Rochford District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of Rochford District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Rochford District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01 Executive Summary



# Executive Summary – Context for the audit

Context for the audit – Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- Lack of capacity within the local authority financial accounting profession
- Increased complexity of reporting requirements within the sector
- Lack of capacity within audit firms with public sector experience
- Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

MHCLG (formerly DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. SI 2024/907, together with the updated National Audit Office Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). The approach to addressing the backlog consists of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1, starting from 2023/24, in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. The backstop date for audit of the 2023/24 financial statements is 28 February 2025.
- ▶ Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 22/11/2024 Audit Completion Report to the Audit Committee we issued a disclaimed audit report on the Council's financial statements for 2022/23 and 2021/22 under these arrangements to reset and recover local government audit. Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, we have not obtained sufficient evidence to have reasonable assurance over all closing balances. As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we do not have assurance over 2023/24 in-year movements and some closing balances. We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements. We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

A summary of the assurances we have gained from our 2023/24 audit procedures is set out at Appendix A.



# Executive Summary

## Scope update

In our Audit Planning Report presented at the 3 September 2024 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- ▶ Changes in materiality In our Audit Planning Report, we communicated that our audit procedures would be performed using a performance materiality of £476,000. In our professional judgement, this level of materiality remains appropriate for the draft financial statements. The basis of our assessment has remained consistent with prior years at 5% of gross expenditure. The threshold for reporting misstatements is £31,750.

## Status of the audit

Our audit work in respect of the Rochford District Council opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- ▶ ISA 315 assurance - we are still awaiting information to support our assessment in line with the new ISA 315 requirements. The IT control environment underpins the production of your financial statements so this work needs to be concluded before we can issue our audit report
- ▶ Final Partner Review
- ▶ Receipt of Signed Letter of Representation
- ▶ Receipt of Signed final version 2023/24 Financial Statements.

## Value for Money

In our Audit Planning Report presented at the 3 September 2024 Audit Committee, we reported that we had completed our value for money (VFM) risk assessment and identified no risks of significant weaknesses in arrangements. Having updated and completed the planned procedures in these areas we did not identify a significant weakness. Please refer to section 03 of the report for further details.

## Audit differences

We have not identified any misstatements in the primary statements in the work completed to date. However, our audit has identified a number of disclosure amendments that have been made to the final version financial statements. Please to refer to Section 05 Audit Differences.

## Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

We have not yet completed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts due to the Assurance Statement not being available.



# Executive Summary (cont'd)

## Areas of audit focus

In our Audit Planning Report we identified a number of key areas of focus for our audit of the financial report of Rochford District Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report.

## Control observations

Our audit has not identified any significant deficiencies in the internal control environment. However, we identified four areas for improvement in the internal controls in place at the Council for the preparation of the financial statements. These relate to:

- Statement of Responsibilities – the statement was not signed by the interim section 151 officer when the accounts were published
- Authorisation of journals – lack of audit trail to show that all year end journals are authorised
- Related party declarations – 3 declarations were missing from officers that had left the Council
- Review of bank reconciliations – year end bank reconciliation was not reviewed in a timely manner.

Please refer to Section 06 for details of recommendations.

## Independence

Please refer to Section 08 for our update on Independence.



A close-up photograph of a person's hand holding a white marker, pointing at a bar chart displayed on a tablet. The chart features several bars in shades of green, brown, and red. The background is dark, and the lighting is focused on the hand and the tablet screen.

## 02 Areas of Audit Focus

# Areas of Audit Focus

## Significant risk

### Misstatement due to fraud and error

Significant Risk

#### What is the risk, and the key judgements and estimates?

The financial statement as a whole are not free of material misstatement whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate the accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

#### What are our conclusions?

Our audit work has not identified any material issues, inappropriate judgements or unusual transactions which indicated that there had been any misreporting of the Authority's financial position, or that management had overridden control.

We have completed our journals testing. We are satisfied that journal entries had been posted properly and for genuine business reasons.

We have reviewed material estimates with no issues arising. We have not completed all the work on the PPE valuation but have assurance from the work of our expert, EYRE, that the assumptions used for a sample of assets they have reviewed are appropriate.

There were no unusual transactions identified.

#### Our response to the key areas of challenge and professional judgement

We:

- Inquired of management about risks of fraud and the controls put in place to address those risks.
- Gained an understanding of the oversight given by those charged with governance of management's processes over fraud.
- Considered the effectiveness of management's controls designed to address the risk of fraud.

We also performed mandatory procedures which we are required to undertake regardless of specifically identified fraud risks. We:

- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- Assessed accounting estimates for evidence of management bias, including estimates with a higher level of inherent risk relating to the revaluation of land and buildings and pension liability and asset valuations
- Evaluated the business rationale for any significant unusual transactions

#### What else did we do?

We focused on aspects of the financial statements which are open to estimation and judgment, which would facilitate management overriding controls:

- Journal entries subject to specific narrative descriptors, posted at certain times of the financial year or by certain individuals, and journals which exceed certain values;
- Material accounting estimates, such as the valuation of land and buildings and pensions liability; and
- Unusual transactions anywhere in the financial statements.

# Areas of Audit Focus (cont'd)

## Significant risk

### Inappropriate capitalisation of revenue expenditure\*

#### What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

#### Our response to the key areas of challenge and professional judgement

- ▶ Tested Property, Plant and Equipment (PPE) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- ▶ Assessed whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- ▶ Considered whether any development or other related costs that have been capitalised are reasonable to capitalise i.e. the costs incurred are directly attributable to bringing the asset into operational use.
- ▶ Tested REFCUS, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources. Based on our work at the planning stage of the audit we do not expect there to be material REFCUS in the year.
- ▶ Sought to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

#### What are our conclusions

- We have not sought to build back assurance on additions made during 2021/22 and 2022/23.
- We have no matters to report on our testing of additions made in 2023/24.



# Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the area of focus, and the key judgements and estimates?

Property, Plant and Equipment Valuation (inherent risk)

The valuation Property Plant & Equipment represent significant balances in the Council's accounts and is subject to valuation changes. Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

There is therefore a risk fixed assets may be under/overstated or the associated accounting entries incorrectly posted

Our response: Key areas of challenge and professional judgement and our conclusion

- Considered the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work

*No matters to report. We deem that the inputs and assumptions used in the valuation are reasonable.*

- Sample tested key asset information used by the valuers in performing their valuation, such as floor plans and recent sales, to support valuations

*No matters to report. We deem that the inputs, methodology and assumptions used in the valuation are reasonable.*

- Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code, reviewed assets not subject to valuation in 2023/24 to confirm that the remaining asset base not subject to valuation is not materially misstated and considered changes to useful economic lives as a result of the most recent valuation and if there are any specific changes to assets that have occurred and that these have been communicated to the valuer

*We have not undertaken this review due to the 2021/22 and 2022/23 missing assurance from disclaimed years.*

- Tested accounting entries have been correctly processed in the financial statements.

*No matters to report.*

What are our conclusions

We do not have full assurance over the overall value of PPE (other land & buildings and surplus assets) in the Council's Balance Sheet at 31 March 2024.

This is because we do not have assurance over additions, disposals and valuations in 2021/22 and 2022/23 due to the opinion on those years being disclaimed.

In addition, we have not fully completed all procedures for the 2023/24 valuation process. EYRE provided assurance over the assets they reviewed in the year as they concluded they were within an acceptable range.

Therefore, we do not have assurance over the completeness and accuracy of movements in 2021/22, 2022/23 and the resulting asset base for 2023/24.



# Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

## What is the area of focus, and the key judgements and estimates?

### Pension Liability Valuation (inherent risk)

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme in which it is an admitted body.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. As at 31 March 2024 this totalled £986k.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

## Our response: Key areas of challenge and professional judgement

We have:

- Liaised with the auditors of Essex Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council
- Assessed the work of the pension fund actuary (Barnett Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team
- Evaluated the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; and
- Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

## What are our conclusions

We are awaiting our assurance letter from the Pension Fund auditor. However, we are aware that they have identified a difference in respect of asset valuations. We will include Rochford District Council's share of this difference as an uncorrected misstatement which we would not anticipate the Council making an amendment for. This will be included within our Letter of Representation.

We have no other matters to report.



## 03 Value for Money



# Value for Money

## The Authority's responsibilities for value for money (VFM)

The Authority is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the NAO Code of Audit Practice. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

## Risk assessment and status of our work

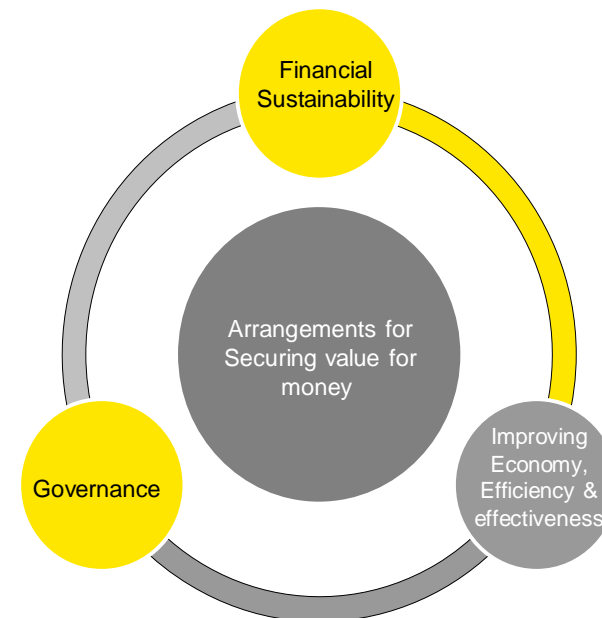
We are required to consider whether the Authority has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Authority's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We will provide a commentary on the Council arrangements against three reporting criteria:

- ▶ Financial sustainability - How the Authority plans and manages its resources to ensure it can continue to deliver its services;
- ▶ Governance - How the Authority ensures that it makes informed decisions and properly manages its risks; and
- ▶ Improving economy, efficiency and effectiveness - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have completed our detailed VFM work and have not identified any risks of significant weaknesses in arrangements. We will report our VFM Commentary in our Auditor's Annual Report.





# 04 Audit Report

# Audit Report

DRAFT disclaimed audit report

Our opinion on the financial statements

► To Follow





# 05 Audit Differences



# Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

## Summary of adjusted differences

We highlight the following misstatements greater than £31,000 which have been corrected by management that were identified during the course of our audit.

### Adjusted disclosure differences

Our audit testing has not identified any material differences.

However, our audit testing identified a number of adjustments to the disclosures in the draft financial statements presented for audit. Although this is not an exhaustive list, the larger of the amendments required relate to: grants credited to services (£80k); the Revaluation Reserve (£53k); and a disclosure misclassification in the Investing and Financing Activities note to the Cashflow (£456k). Management also identified an error as part of their internal review after the accounts had been published – an adjustment to the Collection Fund disclosure of £97k. Our audit also identified other minor amendments that we do not need to individually bring to your attention.

### Uncorrected misstatements

We are awaiting our assurance letter from the Pension Fund auditor. However, we are aware that they have identified a difference in respect of asset valuations. We will include Rochford District Council's share of this difference as an uncorrected misstatement which we would not anticipate the Council making an amendment for. This will be included within our Letter of Representation.



06

# Assessment of Control Environment



# Assessment of Control Environment

## Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you deficiencies in internal control including group-wide or at components.

The matters reported below are limited to those that we identified during the audit and that we concluded are of sufficient importance to merit being reported to you. These are not significant deficiencies but are weaknesses in the control environment that need to be improved in future years.

Description	Recommendation
<p><b>Statement of Responsibilities</b> As of 9th July 2024, the in post S151 officer did not sign off the Statement of Responsibilities</p>	<p>The 2023/24 Statement of Responsibilities will need to be signed by the S151 to allow us to issue our opinion and conclude the audit.</p>
<p><b>Journals</b> We identified that the Council could not evidence that all year end journals had been reviewed and authorized by a second person before being posted to the General Ledger.</p>	<p>Ensure that evidence of authorisation of journals can be provided as part of the audit trail.</p>
<p><b>Related parties</b> There were 3 individuals who were related parties in the financial year and did not complete a Declaration of Interest.</p>	<p>Ensure a process is in place to capture declarations of interest from all senior officers who were employed in the financial year and members who held post at any point in the year, including those that leave shortly after.</p>
<p><b>Bank Reconciliations</b> No authorisation of the monthly bank reconciliations take place, due to staff shortages and changes.</p>	<p>Ensure bank reconciliations are reviewed by a suitable person each month and evidenced accordingly on a timely basis.</p>



07

## Other Reporting Issues

# Other Reporting Issues

## Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Rochford District Council Statement of Accounts 2023/24 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Rochford District Council Statement of Accounts 2023/24 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements, and we have no other matters to report.

## Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission as we are awaiting clarification of what is required for 2023/24. We cannot issue our Audit Certificate until these procedures are complete.

## Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

We did not identify any issues which required us to issue a report in the public interest.

# Other Reporting Issues (cont'd)

## Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations.

We have no other matters to report.



# Other Reporting Issues (cont'd)

## ISA (UK) 315 (Revised): Identifying and Addressing the Risks of Material Misstatement

ISA 315 is effective from FY 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:

- Risk Assessment
- Understanding the entity's internal control
- Significant risk
- Approach to addressing significant risk (in combination with ISA 330)

Given that we have disclaimed the 2022/23 audit of the financial statements we have undertaken ISA (UK) 315 (Revised) procedures for the first time in 2023/24.

The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent. The aims of the revised standard is to:

- Drive consistent and effective identification and assessment of risks of material misstatement
- Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities ('scalability')
- Modernise ISA 315 to meet evolving business needs, including:
  - how auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures; and
  - how auditors understand the entity's use of information technology relevant to financial reporting.
- Focus auditors on exercising professional scepticism throughout the risk identification and assessment process.

We set out the findings and conclusions from our work to implement ISA 315 in the table below.

### Audit Procedures

We performed the following procedures:

We obtained an understanding of the IT processes related to the IT applications of the Council.

We have performed procedures to determine if there are typical controls missing or control deficiencies identified and evaluated the consequences for our audit strategy.

When we have identified controls relevant to the audit that are application controls or IT-dependent manual controls where we do not gain assurance substantively, we performed additional procedures.

We also reviewed the following processes for all relevant IT applications:

- Manage vendor supplied changes
- Manage security settings
- Manage user access
- Manage entity-programmed changes
- Job scheduling and managing IT process

### Audit findings and conclusions

We are concluding our work in this area and will update the Committee of any findings. We are currently awaiting information from the Council to complete this work as responses have been delayed.

The processes in place for the IT control environment underpin the production of the financial statements so this is an important aspect of the audit.



08

## Independence

# Independence - Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your company, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

## Relationships

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## Services provided by EY

There are no services provided by EY from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

# Independence - Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table to the right.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. Details of our proposed scale fee variations for the audit of the Council are set out in the fee analysis on this page.

	2023/24 (2)	2022/23 (1)	2021/22 (1)
	£	£	£
Total Fee – Code Work	145,547	47,487	38,129
Additional fee	TBC	-	-
<b>Total fees</b>	<b>TBC</b>	<b>47,487</b>	<b>38,129</b>

*All fees exclude VAT*

(1) Note 1 - PSAA Ltd, in line with the joint statement issued DLUHC (as at that date) and the FRC is responsible for the determination of the final audit fee in respect of 2021/22 and 2022/23. In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

(2) The 2023/24 work is in the final stages of completion to issue an audit report and a final fee will be determined shortly.





09

## Appendices

# Appendix A – Summary of assurances

## Summary of Assurances

As we have set out in Section 5 and the Executive Summary of this report, we anticipate issuing a disclaimer of opinion on the 2023/24 financial statements. Due to the disclaimer of opinion issued on the 2-22/23 financial statements, we do not have assurance over the comparative figures disclosed in the financial statements, the opening balance position on 1 April 2023, the closing reserves balances on 31 March 2024 or the in-year movements recorded in the Comprehensive Income and Expenditure Statement. This is considered material and pervasive to the 2023/24 financial statements. The table below summarises the audit work we have completed on the 2023/24 financial statements to demonstrate to the committee the level of assurance that has been obtained as a result of the financial statements audit.

Account area	Assurance rating	Summary of work performed
Property, Plant and Equipment ('PPE')	Partial	We have completed testing of the 2023/24 additions to the fixed asset register, audited the valuation of a sample of assets revalued in 2023/24 by EYRE and partially completed the sample by the audit team, and performed procedures to obtain assurance over the existence of assets on the fixed asset register and the Council's right to recognize those assets; however, until we are able to rebuild assurance over PPE additions, disposals and revaluations in the disclaimed period and for the valuation work in 2023/24 to be fully completed, we are unable to obtain full assurance over the completeness and valuation of PPE at 31 March 2024.
Short Term Investments	Substantial	We have completed our planned audit procedures in this area, but we do not have full assurance over the short-term investment assets closing balance, due to the disclaimed opinion for 2022/23 meaning we did not test material movements in that year. We will begin procedures for the rebuilding of assurance in 2024/25
Short Term Debtors	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Cash and Cash equivalents	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Creditors (short term)	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Provisions (short and long term)	Partial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.
Grants received in advance	Partial	We have completed our planned audit procedures in this area, but as we do not have assurance over movements across the disclaimed period, and therefore the opening balance for 2023/24, we do not have assurance over the Capital Grants RIA balance at 31 March 2024.



# Appendix A – Summary of assurances

## Summary of Assurances

Account area	Assurance rating	Summary of work performed
Local Government Pension Scheme Liability	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Reserves	None	We have completed our work on the movements in reserves in 2023/24, excluding Capital Financing Requirement and Minimum Revenue Provision but, until we have completed our work programme on the rebuilding of assurance following the disclaimed audit opinions, we are unable to obtain assurance over the useable and unusable reserves of the Council reported in the financial statements. We will provide more information on our proposed approach for rebuilding of assurance as part of our 2024/25 audit planning reports.
Comprehensive Income and Expenditure Statement	Partial	We have completed our planned testing on the Comprehensive Income and Expenditure Statement in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.
Collection Fund Statement	Partial	We have completed our planned audit procedures, but as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.



# Appendix B - Required communications with the Audit Committee

## Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK entities. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report 3 September 2024
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> <li>• The planned scope and timing of the audit</li> <li>• Any limitations on the planned work to be undertaken</li> <li>• The planned use of internal audit</li> <li>• The significant risks identified</li> </ul> <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.</p>	Audit planning report 3 September 2024
Significant findings from the audit	<ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Significant difficulties, if any, encountered during the audit</li> <li>• Significant matters, if any, arising from the audit that were discussed with management</li> <li>• Written representations that we are seeking</li> <li>• Expected modifications to the audit report</li> <li>• Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit results report 20 February 2025

# Appendix B - Required communications with the Audit Committee (cont'd)

## Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty related to going concern</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>• The appropriateness of related disclosures in the financial statements</li> </ul>	<p>Audit planning report 3 September 2024</p> <p>Audit results report 20 February 2025</p>
Misstatements	<ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>• The effect of uncorrected misstatements related to prior periods</li> <li>• A request that any uncorrected misstatement be corrected</li> <li>• Material misstatements corrected by management</li> </ul>	<p>Audit planning report 3 September 2024</p> <p>Audit results report 20 February 2025</p>

# Appendix B - Required communications with the Audit Committee (cont'd)

## Our Reporting to you

Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> <li>• Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>• Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>• Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:               <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements.</li> </ol> </li> <li>• The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>• Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud</li> <li>• Any other matters related to fraud, relevant to Audit Committee responsibility.</li> </ul>	Audit results report 20 February 2025
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> <li>• Non-disclosure by management</li> <li>• Inappropriate authorisation and approval of transactions</li> <li>• Disagreement over disclosures</li> <li>• Non-compliance with laws and regulations</li> <li>• Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report 20 February 2025



# Appendix B - Required communications with the Audit Committee (cont'd)

## Our Reporting to you

Required communications	What is reported?	When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report 3 September 2024</p> <p>Audit results report 20 February 2025</p>
External confirmations	<ul style="list-style-type: none"> <li>• Management's refusal for us to request confirmations</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>	<p>Audit results report 20 February 2025</p>
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>• Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>• Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of</li> </ul>	<p>Audit results report 20 February 2025</p>
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> <li>• Significant deficiencies in internal controls identified during the audit.</li> </ul>	<p>Audit results report 20 February 2025</p>

# Appendix B - Required communications with the Audit Committee (cont'd)

## Our Reporting to you

Required communications	What is reported?	When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> <li>Written representations we are requesting from management and/or those charged with governance</li> </ul>	Audit results report 20 February 2025
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> <li>Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>	Audit results report 20 February 2025
Auditors report	<ul style="list-style-type: none"> <li>Key audit matters that we will include in our auditor's report</li> <li>Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit results report 20 February 2025

# Appendix C – Management representation letter

Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young

[Address]

This letter of representations is provided in connection with your audit of the financial statements of Rochford District Council ("the Council") for the year ended 31 March 2024. 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 financial statements give a true and fair view of the Council financial position of Rochford District Council as of 31 March 2024 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

# Appendix C – Management representation letter (cont'd)

## Management representation letter

### Management Rep Letter

4. As members of management of the Council, we believe that the Council has 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), 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. We have not corrected these differences identified by and brought to the attention of the auditor because [specify reasons for not correcting misstatement].

6. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange.

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

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.

1. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
2. 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

2. 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.

3. 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 improprieties;
- 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-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.



# Appendix C – Management representation letter (cont'd)

## Management representation letter

### Management Rep Letter

#### 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 financial statements.

3. We have disclosed to you the use of all applications or tools using artificial intelligence, including generative artificial intelligence, that are reasonably likely to have a direct or indirect material effect in the financial statements.

4. We have 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 period to the most recent meeting on the following date: 20 February 2025.

5. 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 period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.

6. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

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

8. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

# Appendix C – Management representation letter (cont'd)

## Management representation letter

### Management Rep Letter

#### 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 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 to litigation and claims, both actual and contingent, and have disclosed in Note 36 to the financial statements all guarantees that we have given to third parties.

#### E. Going Concern

1. Note 2. Accounting Policies, 2.19 Going Concern to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

#### G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Annual Financial Report 2023/24.
2. We confirm that the content contained within the other information is consistent with the financial statements.

#### H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered by the Council and reflected in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), aligned with the statements we have made in the other information or other public communications made by us.

#### I Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral, to the financial statements. 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 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.

# Appendix C – Management representation letter (cont'd)

## Management representation letter

### Management Rep Letter

4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. We have no other line of credit arrangements.

#### J. Reserves

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

#### K. Use of the Work of a Specialist

When the Council has used the work of a specialist, we may include the following representation:

We agree with the findings of the specialists that we engaged to evaluate the valuation 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. 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.

#### L. Estimates

##### Valuation of Property, Plant and Equipment Estimate

1. We confirm that the significant judgments made in making the Property, Plant and Equipment Valuation have taken into account all relevant information of which we are aware.

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the Property, Plant and Equipment Valuation

3. We confirm that the significant assumptions used in making the Property, Plant and Equipment Valuation appropriately reflect our intent and ability to carry out the valuation on behalf of the entity.

4. We confirm that the disclosures made in the consolidated and parent Council financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2034/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

5. We confirm that appropriate specialized skills or expertise has been applied in making the estimate.

6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and parent Council financial statements.

##### Valuation of IAS 19 Pension Liability Estimate

1. We confirm that the significant judgments made in making the Valuation of IAS 19 Pension Liability have taken into account all relevant information of which we are aware.

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the Valuation of IAS 19 Pension Liability.

# Appendix C – Management representation letter (cont'd)

## Management representation letter

### Management Rep Letter

3. We confirm that the significant assumptions used in making the Valuation of IAS 19 Pension Liability appropriately reflect our intent and ability to carry out the valuation on behalf of the entity.

4. We confirm that the disclosures made in the consolidated and parent Council financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2034/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

5. We confirm that appropriate specialized skills or expertise has been applied in making the estimate.

6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and parent Council financial statements.

#### M. 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 faithfully,

\_\_\_\_\_  
S151 Officer

\_\_\_\_\_  
Chairman of the Audit Committee



## EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://ey.com).

Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2024 Ernst & Young LLP. Published in the UK.  
All Rights Reserved.

UKC-024050 (UK) 07/22. Creative UK.

ED None

Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Ernst & Young LLP accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material.

[ey.com/uk](https://ey.com/uk)