



Ernst & Young  
Grosvenor House  
Grosvenor Square  
Southampton  
Hampshire

Your Ref: .

Our Ref: LoR 2022/23 soa

Dear Sir or Madam

## **Arun District Council Letter of Representations 2022/23 Statement of Accounts**

This letter of representations is provided in connection with your audit of the Authority financial statements of Arun District Council (“the Authority”) for the year ended 31 March 2023. 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 consolidated and parent Authority financial statements give a true and fair view of the authority financial position of Arun District Council as of 31 March 2023 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Authority, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (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 Authority 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, for the Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on

## **APPENDIX 2**

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email: [antony.baden@arun.gov.uk](mailto:antony.baden@arun.gov.uk)  
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03 December 2024

Please ask for:  
Antony Baden  
Finance  
Direct Line: 01903 737558

Local Authority Accounting in the United Kingdom 2022/23 (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 Authority, our responsibility for the fair presentation of the consolidated and parent Authority financial statements. We believe the Authority financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (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 Authority financial statements are appropriately described in the Authority financial statements.
4. As members of management of the Authority, we believe that the Authority 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 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022) for the Authority that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.
6. The comparative amounts have been restated to reflect the below matters and appropriate note disclosure of these restatements have also been included in the current year's Authority financial statements.

#### Capital grants receipts in advance

The audit of the 2021/22 financial statements identified that the accounting treatment for certain capital contributions as receipts in advance was incorrect. Consequently, 2021/22 comparatives have been re-stated to correctly account for this income as capital grants unapplied. A summary of the re-statement of the entries within the Authority financial statements has been set out at Note 41. Supporting notes to the primary statements have also been re-stated accordingly.

There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's consolidated and parent Authority financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the Authority financial statements for the year ended 31 March 2023 are solely the result of reclassifications for comparative purposes.

7. We confirm the Authority does not have securities (debt or equity) listed on a recognized exchange.
8. We have confirmed to you any changes in service organizations within the authority since the last audited financial year.

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

1. We acknowledge that we are responsible to determine that the Authority's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
2. 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.
3. We have disclosed to you the results of our assessment of the risk that the Authority financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud, that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - Involving financial improprieties
  - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Authority financial statements
  - Related to laws or regulations that have an indirect effect on amounts and disclosures in the Authority financial statements, but compliance with which may be fundamental to the operations of the Authority's business, its ability to continue in business, or to avoid material penalties
  - Involving management, or employees who have significant roles in internal control, or others
  - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

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

1. 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 Authority financial statements.
3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which

minutes have not yet been prepared) held through 2022/23 to the most recent meeting of the Audit and Governance Committee held on 3 December 2024.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority'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 ended 31 March 2023. These transactions have been appropriately accounted for and disclosed in the Authority financial statements.
5. 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 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the Authority financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. 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 is reasonably likely to have occurred, 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 effect on the Authority 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.
8. We have disclosed to you, and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the Authority financial statements, including disclosures.

#### **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 Authority 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 39 to the consolidated and parent Authority financial statements all guarantees that we have given to third parties.

## **E. Ownership of Assets**

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral, other than those that are disclosed in the financial statements. All assets to which the Authority has satisfactory title appear in the balance sheets.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in the financial statements, we have no other line of credit arrangements.

## **F. Use of the Work of a Specialist**

1. We agree with the findings of the specialists that we engaged to evaluate the IAS19 Pension disclosures and Property, Plant and Equipment and Investment Property valuations 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.

## **G. Estimates**

1. We confirm that the significant judgments made in making the estimates for pension liabilities and the valuations of property, plant and equipment and investment properties (the "accounting estimates") 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 accounting estimates.
3. We confirm that the significant assumptions used in making the accounting estimates appropriately reflect our intent and ability to carry out the assessment of the pension liability and valuation of property, plant and equipment and investment properties on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, 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 2022/23 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 accounting estimates.
6. We confirm that no adjustments are required to the accounting estimates and disclosures

in the financial statements.

## **H. 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.

## **I. Reserves**

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

## **J. Contingent Liabilities**

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:
  - Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

## **K. Going Concern**

1. Note 40 to the Authority financial statements discloses all the matters of which we are aware that are relevant to the Group and authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

## **L. Subsequent Events**

1. Other than the events described in Note 6 to the Authority financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the Authority financial statements or notes thereto.

## **M. Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information contained within the Narrative Statement and also the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

## **N. 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 and the Authority have reflected these in the consolidated and parent financial statements.

*Yours faithfully,*

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(Group Head of Finance and Section 151 Officer)

Antony Baden

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(Chairman of the Audit and Governance Committee)

Councillor Matt Stanley

**Arun District Council**