Basingstoke and Deane Borough Council Audit Results Report

Year ended 31 March 2017
September 2017

Dear Audit and Accounts Committee Members

We have completed our audit of Basingstoke and Deane Borough Council for the year ended 31 March 2017.

We issued an unqualified audit report on the financial statements in the form at Section 3 of this report before the statutory deadline of 30 September 2017.

This report is intended solely for the use of the Audit and Accounts Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We look forward to discussing with you any aspects of this report or any other issues arising from our work.

Yours faithfully

Paul King
Executive Director

For and on behalf of Ernst & Young LLP

United Kingdom
In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued “Statement of responsibilities of auditors and audited bodies”. It is available from the via the PSAA website (www.PSAA.co.uk).

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 (updated September 2015)” 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 and Accounts Committee, other members of the Authority and management of Basingstoke and Deane Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Accounts Committee, other members of the Authority and management of Basingstoke and Deane Borough 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 and Accounts Committee, other members of the Authority and management of Basingstoke and Deane Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without obtaining our written consent.
Executive Summary
Executive Summary

Overview of the audit

Scope and materiality

In our Audit Plan presented to the 27 March 2017 Audit and Accounts Committee meeting, we gave you an overview of how we intended to carry out our responsibilities as your auditor. We carried out our audit in accordance with this plan.

We planned our procedures using a materiality of £2 million. We reassessed this using the actual year-end figures, which has increased this amount to £2.1 million. The threshold for reporting corrected audit differences has increased from £1.5 million to £1.58 million. The basis of our assessment of materiality has remained consistent with prior years at 2% of gross revenue expenditure.

We also identified areas where misstatement at a lower level than materiality might influence the reader and developed a specific audit strategy for them. They include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits. We fully audit these figures given the inherent sensitivity of the transactions.
- Related party transactions. We fully audit these figures given the inherent sensitivity of the transactions.

As agreed with the Committee in 2015/16, we continue to report to you all uncorrected errors over £50,000.

Status of the audit

We have completed our audit of Basingstoke and Deane Borough Council’s financial statements for the year ended 31 March 2017 and have performed the procedures outlined in our Audit plan.
Executive Summary

Executive summary (continued)

Status of the audit (continued)

We issued the audit certificate at the same time as the audit opinion.

Audit differences

There are no audit differences above our reporting thresholds.

Areas of audit focus

Our Audit Plan identified key areas of focus for our audit of Basingstoke and Deane Borough Council's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report. There have been no new issues identified since the issue of the Audit Plan in March 2017.

We ask you to review these and any other matters in this report to ensure:
- There are no other considerations or matters that could have an impact on these issues;
- You agree with the resolution of the issue; and
- There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit and Accounts Committee.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Plan we identified no significant risks.

We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.
### Executive Summary

#### Executive summary (continued)

<table>
<thead>
<tr>
<th>Other reporting issues</th>
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<tbody>
<tr>
<td>We have no other issues to report.</td>
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<thead>
<tr>
<th>Control observations</th>
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<tbody>
<tr>
<td>We have adopted substantive approach, with the exception of payroll, housing benefits and cash systems. We found no issues with the controls over these financial systems, and no issues with the Council's wider control environment.</td>
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<tr>
<th>Independence</th>
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<tr>
<td>Please refer to Appendix B for our update on Independence. No issues were noted.</td>
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</table>
Areas of Audit Focus
# Areas of Audit Focus

## Audit issues and approach

### What is the risk?

**Risk of management override**

As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and to prepare fraudulent financial statements by overriding controls that otherwise seem to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

In addition to the risk details outlined from our Audit Plan above, we have identified an additional risk that management could use the Movement in Reserves (MIRS) adjustments to add or remove items from the Comprehensive Income and Expenditure Statement (CIES) to alter the reserve position of the Council. Such adjustments would not change the outturn in the CIES but could inflate reserves artificially.

### What did we do?

- We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements;
- We reviewed accounting estimates for evidence of management bias (NNDR provisions, IAS 19 pension transactions, and Property Plant and equipment balances); and
- We evaluated the business rationale for any significant unusual transactions.
- We completed the Disclosure Checklist provided by CIPFA to ensure that the correct items are disclosed in the MIRS adjustments.
- We identified and substantively tested movements on the Note “Adjustment between Accounting Basis and Funding Basis under Regulations” (MIRS adjustments note).

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### Management override

**What are our conclusions?**

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.

We did not identify any issues from our testing of the MIRS adjustments note.
03 Audit Report
INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF BASINGSTOKE AND DEANE BOROUGH COUNCIL

Opinion on the Authority’s financial statements

We have audited the financial statements of Basingstoke and Deane Borough Council for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Movement in Reserves Statement;
- Cash Flow Statement;
- Financial statements notes 1 to 27; and
- Collection Fund and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of Basingstoke and Deane Borough Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Executive Director of Finance and Resources and auditor

As explained more fully in the Statement of the Statement of Responsibilities for the Statement of Accounts set out on page 50, the Executive Director of Finance and Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.
Audit Report

Draft audit report (continued)

Our opinion on the financial statements

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Finance and Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Draft Statement of Accounts for the year ended 31 March 2017 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Basingstoke and Deane Borough Council as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In our opinion, the information given in the Draft Statement of Accounts for the year ended 31 March 2017 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects
Conclusion on Basingstoke and Deane Borough Council’s arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s responsibilities
The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor’s responsibilities
We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources
We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether Basingstoke and Deane Borough Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
Audit Report

Our opinion on the financial statements

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, Basingstoke and Deane Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the accounts of Basingstoke and Deane Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Signature

Paul King (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor
Reading
Date

The maintenance and integrity of the Basingstoke and Deane Borough Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.
04 Audit Differences
Audit Differences

Audit differences

In any audit, we may identify misstatements between amounts we believe should be recorded in the financial statements and 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

There were no adjusted differences greater than £1,575k and all uncorrected errors greater than 50k.
Value for Money
Value for Money

Economy, efficiency and effectiveness

We must consider whether you have ‘proper arrangements’ to secure economy, efficiency and effectiveness in your use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:
- take informed decisions;
- deploy resources in a sustainable manner; and
- work with partners and other third parties.

In considering your proper arrangements, we use the CIPFA/SOLACE framework for local government to ensure that our assessment is made against an already existing mandatory framework which you use in documents such as your Annual Governance Statement.

Overall conclusion

We did not identify any significant risks around these criteria.

We therefore have no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.
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 Statement of Accounts 2016/17 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 Statement of Accounts 2016/17 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 (NAO).

We have no issues to raise and reported this fact to the NAO.
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 Authority 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.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

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. We have no issues to report.
Assessment of Control Environment
Assessment of control environment

Financial controls

Under ISA (UK&I) 265 it is mandatory to communicate significant deficiencies in internal control in writing to any audit client.

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

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. As we have adopted a predominantly substantive approach, our testing of controls was limited.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.
Appendices
## Appendix A

### Required communications with the Audit and Accounts Committee

There are certain communications that we must provide to the Audit and Accounts Committees of UK clients. We have done this by:

<table>
<thead>
<tr>
<th>Required communications</th>
<th>What is reported?</th>
<th>When and where</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terms of engagement</td>
<td>Confirmation by the Audit and Accounts Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.</td>
<td>The statement of responsibilities serves as the formal terms of engagement between the PSAA’s appointed auditors and audited bodies.</td>
</tr>
<tr>
<td>Planning and audit approach</td>
<td>Communication of the planned scope and timing of the audit, including any limitations.</td>
<td>March 2017 Audit Plan</td>
</tr>
</tbody>
</table>
| Significant findings from the audit | - Our view of the 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 (delete if not an initial audit) | March 2017 Audit Plan                                                                 |
| Going concern           | Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:  
- Whether the events or conditions constitute a material uncertainty  
- Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements  
- The adequacy of related disclosures in the financial statements | September 2017 Audit Results Report                                                              |
| Misstatements           |  
- Uncorrected misstatements and their effect on our audit opinion  
- The effect of uncorrected misstatements related to prior periods  
- A request that any uncorrected misstatement be corrected  
- Significant corrected misstatements, in writing | September 2017 Audit Results Report                                                              |
## Appendix A

### Our Reporting to you

<table>
<thead>
<tr>
<th>Required communications</th>
<th>What is reported?</th>
<th>When and where</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraud</td>
<td>▶ Asking the Audit and Accounts Committee whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority&lt;br&gt;▶ Unless all those charged with governance are involved in managing the entity, any fraud identified or information obtained indicating that a fraud may exist involving:&lt;br&gt;(a) management;&lt;br&gt;(b) employees with significant roles in internal control; or&lt;br&gt;(c) others where the fraud results in a material misstatement in the financial statements.&lt;br&gt;▶ A discussion of any other matters related to fraud, relevant to Audit and Accounts Committee responsibility.</td>
<td>September 2017 Audit Results Report</td>
</tr>
<tr>
<td>Related parties</td>
<td>Significant matters arising during the audit in connection with the Authority’s related parties including, where applicable:&lt;br&gt;▶ Non-disclosure by management&lt;br&gt;▶ Inappropriate authorisation and approval of transactions&lt;br&gt;▶ Disagreement over disclosures&lt;br&gt;▶ Non-compliance with laws and/or regulations&lt;br&gt;▶ Difficulty in identifying the party that ultimately controls the entity</td>
<td>September 2017 Audit Results Report</td>
</tr>
<tr>
<td>Subsequent events</td>
<td>▶ Where appropriate, asking the Audit and Accounts Committee whether any subsequent events have occurred that might affect the financial statements.</td>
<td>September 2017 Audit Results Report</td>
</tr>
<tr>
<td>Other information</td>
<td>▶ Where material inconsistencies are identified in other information included in the document containing the financial statements, but management refuses to make the revision.</td>
<td>September 2017 Audit Results Report</td>
</tr>
<tr>
<td>External confirmations</td>
<td>▶ Management’s refusal for us to request confirmations&lt;br&gt;▶ We were unable to obtain relevant and reliable audit evidence from other procedures.</td>
<td>September 2017 Audit Results Report</td>
</tr>
</tbody>
</table>
## Appendix A

<table>
<thead>
<tr>
<th>Required communications</th>
<th>What is reported?</th>
<th>When and where</th>
</tr>
</thead>
</table>
| Consideration of laws and/or regulations | ▶ Audit findings of non-compliance where it is material and believed to be intentional. This communication is subject to compliance with legislation on “tipping off”  
▶ Asking the Audit and Accounts Committee about possible instances of non-compliance with laws and/or regulations that may have a material effect on the financial statements, and known to the Audit and Accounts Committee. | September 2017  
Audit Results Report                                                                                                                                                                                                                                               |
| Significant deficiencies in internal controls identified during the audit | ▶ Significant deficiencies in internal controls identified during the audit.                                                                                                                                                                                                                                                                                                                                                                                                  | September and October 2017  
Annual Audit Letter/Audit Results Report                                                                                                                                                                                                                               |
| Independence | Communication of all significant facts and matters that have a bearing on EY’s objectivity and independence.  
Communicating key elements of the audit engagement partner’s consideration of independence and objectivity such as:  
▶ The principal threats  
▶ Safeguards adopted and their effectiveness  
▶ An overall assessment of threats and safeguards  
▶ Information on the firm’s general policies and processes for maintaining objectivity and independence  
Communications whenever significant judgments are made about threats to objectivity or independence and the appropriateness of safeguards, | March 2017 & September 2017  
Audit Plan  
Audit Results Report                                                                                                                                                                                                                                              |
| Fee Reporting | Breakdown of fee information when the audit plan is agreed  
Breakdown of fee information at the completion of the audit  
Any non-audit work                                                                                                                                                                                                                                                                                                                                 | March 2017 & September 2017  
Audit Plan  
Audit Results Report                                                                                                                                                                                                                                              |
| Certification work | Summary of certification work                                                                                                                                                                                                                                                                                                                                                                                                                                               | January 2018  
Certification Report                                                                                                                                                                                                                                               |
Appendix B

Independence

We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report dated February 2017.

We complied with the APB Ethical Standards and the requirements of the PSAA’s Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit and Accounts Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit and Accounts Committee on 25th September 2017.

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 Month 2017.

We confirm that we have not undertaken non-audit work outside the PSAA Code requirements. We have adopted the necessary safeguards in completing this work and complied with Auditor Guidance Note 1 issued by the NAO in December 2016.

<table>
<thead>
<tr>
<th></th>
<th>Final fee 2015/16 £s</th>
<th>Planned fee 2016/17 £s</th>
<th>Scale fee 2016/17 £s</th>
<th>Final fee 2016/17 £s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total audit fee - code Basingstoke and Deane Borough Council</td>
<td>55,669</td>
<td>55,669</td>
<td>55,669</td>
<td>55,669</td>
</tr>
<tr>
<td>Non-audit fees</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>55,669</td>
<td>55,669</td>
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Appendix C

Outstanding matters

At date of this report all outstanding matters had been satisfactorily cleared enabling us to issue our opinion.
Appendix D

Management representation letter

Management Representation Letter

[To be prepared on the entity’s letterhead]

[Date]

Apex Plaza,
Forbury Road,
Reading,
RG1 1YE.

This letter of representations is provided in connection with your audit of the financial statements of Basingstoke and Deane Borough Council (“the Council”) for the year ended 31 March 2017. I recognise that obtaining representations from me 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 financial position of Basingstoke and Deane Borough Council as of 31 March 2017 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 2016/17.

I 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 and Ireland), 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, I make the following representations, which are true to the best of my knowledge and belief, having made such inquiries as I considered necessary for the purpose of appropriately informing myself:

A. Financial Statements and Financial Records

1. I have fulfilled my 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 2016/17.

2. I acknowledge, as members of the management of the Council, my responsibility for the fair presentation of the financial statements. I 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 2016/17. I 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.
Management Representation Letter

4. As a member of the management of the Council, I 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 2016/17, 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.

B. Fraud

1. I acknowledge that I am responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

2. I have disclosed to you the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud.

3. I have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Council’s internal controls over financial reporting. In addition, I have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. I have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by “whistleblowers”) which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Council.

C. Compliance with Laws and Regulations

1. I have disclosed to you all identified or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

1. I have provided you with:
   - Access to all information of which I am 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 me 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. I have made available to you all minutes of the meetings of the Council, Cabinet and Audit and Accounts Committee held through the year to the most recent meeting on the following date: 12 July 2017 (Council).

4. I confirm the completeness of information provided regarding the identification of related parties. I have disclosed to you the identity of the Council’s related parties and all related party relationships and transactions of which I am 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 year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
Management Representation Letter

5. I believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. I 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.

E. 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. I have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. I am not aware of any pending or threatened litigation, proceedings, hearings or claims which may result in significant loss to the Council that have not already been provided for.

F. Subsequent Events
1. There have been no events subsequent to the period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Ownership of Assets
1. The Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council’s assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.
2. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

H. Reserves
1. I have properly recorded or disclosed in the financial statements the useable and unusable reserves.

I. Use of the Work of a Specialist
1. I agree with the findings of the specialists that I engaged to provide asset 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. I 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 I am not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
### Management Representation Letter

**J. Accounting Estimates**

1. I believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the applicable financial reporting framework.

2. I confirm that the significant assumptions used in making the accounting estimates appropriately reflect my intent and ability to carry out specific courses of actions on behalf of the Council.

3. I confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete and made in accordance with the applicable financial reporting framework.

4. I confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.

**K. Retirement Benefits**

1. On the basis of the process established by myself and having made appropriate enquiries, I am satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with my knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

*Yours faithfully,*

_______________________

Kevin Jaquest (Executive Director of Finance and Resources)

For and on behalf of Basingstoke and Deane Borough Council

As minuted by the Audit and Accounts Committee at its meeting on 25 September 2017.
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