



Mr. Hassan Rohimun  
Ernst & Young LLP  
1 Colmore Square  
Birmingham  
B4 6HQ

**IAN SANKEY**  
**DIRECTOR OF RESOURCES**  
**AND DEPUTY CHIEF EXECUTIVE**

Town Hall, Wharncliffe Road,  
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Please ask for Ian Sankey  
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Tel: 0115 907 2244 ext 3414  
Your Ref:  
Our Ref: IS/JA

18 May 2022

Dear Hassan

This letter of representation is provided in connection with your audit of the financial statements of Erewash Borough Council ("the Council") for the year ended 31 March 2021. 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 financial position of Erewash Borough Council as of 31 March 2021 and of its income and expenditure for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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 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, 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 the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
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 2020/21, and are free of material misstatements, including omissions. We confirm that financial statements have been approved by the Director of Resources (Section 151 Officer) and the Chair of the Audit Committee.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
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 2020/21, that are free from material misstatement, whether due to fraud or error
5. We believe that the effect of the unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented is immaterial to the financial statements taken as a whole. We have not corrected the difference identified and brought to our attention by the auditor because the item is not qualitatively or quantitatively material.
6. With regard to the audit difference associated with the valuation of the Council's Merlin Way depot, this is primarily attributable to the fact that the Council's professional valuers, Wilks Head and Eve LLP (WHE) have considered the site as a whole and valued the land and buildings together, while your valuer has valued some of the land at the site separately. This property is a municipal depot and the Council requires all of the land at the site to ensure that both the depot and the services run from it operate efficiently. None of the land at the depot is considered to be in excess of the Council's requirement. Consequently, while accepting that there is more than one method of valuing an asset such as this, we consider that in accordance with the existing use basis as prescribed by CIPFA guidance and the Royal Institution of Chartered Surveyors (RICS) Red Book, the most appropriate method of valuation is that adopted by the Council's valuers i.e. that the depot should be considered as a whole and the land and buildings valued together. This method of valuation is consistent with the approach taken by the Council's previous valuers, the District Valuation Service.

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

1. We acknowledge that we are responsible to determine that the Council'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 and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. 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.
4. 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 or 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 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 all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic.
  3. 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 year to the most recent meetings.
  4. 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 year end. These transactions have been appropriately accounted for and disclosed in the 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 2020/21.
  6. 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.
  7. From 31 March 2021 through the date of this letter we have disclosed to you any unauthorised 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 unauthorised 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.

## **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 the financial statements all guarantees that we have given to third parties.
4. No claims in connection with litigation have been or are expected to be received.

## **E. 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.

## **F. Other information**

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

## **G. Going Concern**

1. Note 1 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.

## **H. Ownership of Assets**

1. Except for assets capitalised under finance leases, 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. No inventory is stated at an amount in excess of net realisable value.
3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

## **I. Reserves**

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

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

1. We agree with the findings of the specialists that we engaged to evaluate the value of property, plant and equipment, value of NNDR provisions and the IAS19 actuarial valuations of pension liabilities 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.

## **K. Estimates**

### **Pension Liability and PPE Valuations Estimate**

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete, including the effects of the COVID-19 pandemic on the estimates and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
4. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

## **L. Retirement Benefits**

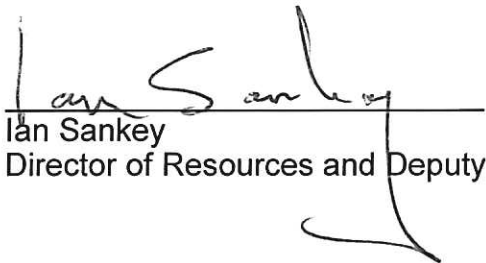
1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been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

Yours sincerely

 18<sup>th</sup> May 2022

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Jeremy Jaroszek  
Chief Executive

 18<sup>th</sup> May 2022

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Ian Sankey  
Director of Resources and Deputy Chief Executive (Section 151 Officer)

# APPENDIX – SUMMARY OF UNADJUSTED AUDIT FINDINGS:

Communication schedule for uncorrected misstatements

Entity: Erewash Borough Council		Period Ended: 31-Mar-2021	Currency: GBP	Analysis of misstatements										
No.	WIP ref.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Assets		Liabilities		Equity components		Effect on the current period OCI		Income statement effect of the current period		Income statement effect of the prior period	
			Current	Non-current	Current	Non-current	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Prior period Debit/(Credit)	Non taxable
<b>Uncorrected misstatements</b>														
			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)
<b>Factual misstatements:</b>														
		<Title of the misstatement>												
<b>Projected misstatements:</b>														
		<Title of the misstatement>												
<b>Judgmental misstatements:</b>														
		Difference in the valuation of Merlin Way Property Depot		864										
		Other Land and Buildings			864									
		Revaluation Reserve				(864)								
			0	864	0	0	0	(864)	0	0	0	0	0	0
<b>Total of uncorrected misstatements before income tax</b>			0	864	0	0	0	(864)	0	0	0	0	0	0
<b>Total of uncorrected misstatements</b>			0	864	0	0	0	(864)	0	0	0	0	0	0
<b>Financial statement amounts</b>			30,105	39,920	(17,896)	(52,214)	(85)				14,891			
<b>Effect of uncorrected misstatements on F/S amounts</b>			0.0%	2.2%	0.0%	0.0%	0.0%	1016.5%			0.0%			
Memo: Total of non-taxable items (marked 'X' above)														
Uncorrected misstatements before income tax														
Less: Tax effect of misstatements at current-year marginal rate														
Uncorrected misstatements in income tax														
Cumulative effect of uncorrected misstatements after tax but before turnaround														
Turnaround effect of prior period uncorrected misstatements														
All factual and projected misstatements:														
Judgmental misstatements (Note 3):														
Cumulative effect of uncorrected misstatements, after turnaround effect														
Current year income before tax														14,891
Current year income after tax														14,891

Do not remove any categories of misstatements above, even if there are no misstatements; removing these categories may adversely affect the formulas or template functionality.