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Date: 20<sup>th</sup> November 2024



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Dear Ernst & Young

**Representation letter – audit of Sefton Metropolitan Borough Council’s (the Council) Entity and Group Statement of Accounts for the years ended 31 March 2022 and 31 March 2023**

This letter of representations is provided in connection with your audit of the consolidated and Council financial statements of Sefton Metropolitan Borough Council (“the Group and Council”) for the years ended 31 March 2022, and 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 Council financial statements give a true and fair view of (or ‘present fairly, in all material respects,’) the Group and Council financial position of Sefton Metropolitan Borough Council as of 31 March 2022 and 31 March 2023 and of its financial performance (or operations) and its cash flows for the years then ended in accordance with, for the Group and the Council, CIPFA LASAAC Codes of Practice on Local Authority Accounting in the United Kingdom 2021/22 and 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 consolidated and Council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, 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 Group and the Council, the Accounts and Audit Regulations 2015 and CIPFA LASAAC Codes of Practice on Local Authority Accounting in the United Kingdom 2021/22 and 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 Group and Council, our responsibility for the fair presentation of the consolidated and Council financial statements. We believe the consolidated and Council 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 Group and the Council in accordance with the CIPFA LASAAC Codes of Practice on Local Authority Accounting in the United Kingdom 2021/22 and 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 consolidated and Council financial statements.
3. The significant accounting policies adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Codes of Practice on Local Authority Accounting in the United Kingdom 2021/22 and 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) for the Group and for the Council that are free from material misstatement, whether due to fraud or error.
5. The comparative amounts have been restated to reflect the below matter and appropriate note disclosures of this restatement have also been included in the current year's consolidated and Council financial statements.

Credits at the year-end relating to Council Tax and NNDR Payers that were previously recorded as Receipts in Advance in 2021/22 have been reclassified as Short-Term Creditors in 2022/23 in line with the disclosure requirements of the Accounting Code of Practice.

The impact of the changes on the figures included in the 2021/2022 Statement of Accounts are shown below:

<b><u>Balance Sheet</u></b>	2021/2022 Statement of Accounts	Adjustments	Restated Figures
	£000	£000	£000
Short Term Creditors	-59,355	-4,212	-63,567
Receipts in Advance	-44,531	4,212	-40,319

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 Council financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the consolidated and Council financial statements for the years ended 31 March 2022 and 31 March 2023 are solely the result of reclassifications for comparative purposes.

6. We confirm the Group and Council does not have securities (debt or equity) listed on a recognised exchange.
7. We have confirmed to you any changes in service organisations within the Group and Council since the last audited financial year.

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

1. We acknowledge that we are responsible for determining that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing 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 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 consolidated and Council 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 Group or Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - Involving financial irregularities.
  - Related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Group and Council's financial statements.
  - Related to laws and regulations that have an indirect effect on amounts and disclosures in the Group or Council's financial statements, but compliance with which may be fundamental to the operations of the Group or Council's business, its ability to continue in business, 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.

## 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 consolidated and Council financial statements.
3. We have made available to you all minutes of the meetings of the Group and the Council committees or summaries of actions of recent meetings for which minutes have not yet been prepared held through the year to the most recent meeting on the following date: 20<sup>th</sup> November 2024.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and 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 years ended, as well as related balances due to or from such parties at the year ends. These transactions have been appropriately accounted for and disclosed in the consolidated and Council 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 CIPFA/LASAAC Codes of Practice on Local Authority Accounting in the United Kingdom 2021/22 and 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 Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and Council 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) unauthorised 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 unauthorised access to our information

technology systems is reasonably likely to have a material impact on the Group and Council 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, unauthorised access to our information technology systems that has a material effect on the Group and Council 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 consolidated and Council 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 51 to the consolidated and Council financial statements all guarantees that we have given to third parties.

#### **E. Going Concern**

1. Note 55 (a) to the consolidated and Council financial statements discloses all the matters of which we are aware that are relevant to the Group and 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.

#### **F. Subsequent Events**

1. Other than events described in Note 43 to the consolidated and Council financial statements, there have been no events subsequent to year end which require adjustment of or disclosure in the consolidated and Council financial statements or notes thereto.

#### **G. Group Audits**

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst the Council, subsidiary undertakings and associated undertakings.

## **H. Other information**

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

## **I 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 Group and Council have reflected these in the consolidated and Council financial statements.

Yours faithfully

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Stephan Van Arendsen  
(Executive Director of Corporate Services and Commercial)

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Councillor Dave Robinson  
(Chair of the Audit & Governance Committee)