

Annual Governance Report

October 2006



# Annual Governance Report

**Hastings Borough Council**

**Audit 2005/2006**

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

### **Status of our reports to the Council**

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
- any third party.

### **Copies of this report**

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## Purpose of this report

- 1 This annual governance report prepared by the District Auditor, summarises the results of our 2005/06 audit of Hastings Borough Council's financial statements. It includes the issues arising from our audit of the financial statements and those issues which we are formally required to report to you under International Standard of Auditing (UK and Ireland)(ISA(UK&I)) 260 – ‘communication of audit matters with those charged with governance’. It also includes the results of the work we have undertaken in forming our conclusion on the Council's use of resources under the Audit Commission's statutory Code of Audit Practice for Local Government. The Council has designated its Audit Committee to fulfil the role of those charged with governance.
- 2 The principal purposes of the report are:
  - to reach a mutual understanding of the scope of the audit and the respective responsibilities of the auditor and the Audit Committee;
  - to share information to assist both the auditor and those charged with governance to fulfil their respective responsibilities; and
  - to provide the Audit Committee with recommendations for improvement arising from the audit process.
- 3 The Audit Commission has circulated to all audited bodies a Statement of Responsibilities of Auditors and Audited Bodies. Our audit has been conducted in accordance with the principles set out in that statement.

## Scope of the report

- 4 In undertaking our audit, we comply with the statutory requirements of the Audit Commission Act 1998 and the Code. Auditors' responsibilities are to review and report on, to the extent required by the relevant legislation and the requirements of the Code:
  - the Council's financial statements; and
  - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 5 Our risk assessment and planned response to the key audit risks was summarised in our audit and inspection plan. A summary of our responsibilities and audit approach is included in Appendix 1. The annual governance report summarises the significant findings, conclusions and recommendations arising from our audit work.
- 6 We issue separate reports during the year having completed specific aspects of our programme, which are listed in Appendix 2. Appendix 3 provides information about the fee charged for our audit and Appendix 4 sets out the requirements in respect of independence and objectivity.

## Key messages

### Financial statements

- 7 Our work on the financial statements is now substantially complete. We are currently waiting for responses to a number of audit queries. Some of these are material and if not satisfactorily resolved could impact on the audit opinion. The outstanding matters are listed in paragraph 11. We will provide members of the Audit Committee with an update at its meeting of 26 September 2006. Subject to the satisfactory resolution of the outstanding audit enquiries, we anticipate being able to issue an unqualified opinion by 30 September 2006 (a draft report is attached at Appendix 5).
- 8 The Council satisfactorily met the earlier date of 30 June for the production of its statement of accounts whilst maintaining their overall quality. We identified some material changes that we have agreed with officers, but these are mostly of a disclosure nature and do not alter the year end financial position.

### Use of resources

- 9 Our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources is now complete. We have concluded that the Council has made proper arrangements to secure economy, efficiency and effectiveness except for aspects of its arrangements to manage its significant business risks. A draft report is attached at Appendix 5.

## Financial statements

- 10 We are required to give an opinion on whether the Council's financial statements present fairly the financial position of the Council as at 31 March 2006 and its income and expenditure for the year then ended.

### Status of the audit

- 11 Our work on the financial statements is nearing completion. We have raised the following audit queries with officers who are in the progress of answering them at the time of drafting this report:
- council tax creditors of £474,000 are not currently supported by a report to underlying council taxpayers accounts;
  - council tax (£4.5m) and NNDR debtors (£1.4m) are not currently supported by a report to underlying council taxpayers and NNDR accounts;
  - we are pursuing enquiries in respect of housing benefits overpayments (some £404k) and housing benefits paid in arrears (creditor - unquantified as yet); and
  - we have carried out an analytical review of income and expenditure to gain assurance on the completeness and accuracy of the accounts. We are awaiting some explanations for some variances.

### Matters to be reported to the Audit Committee

- 12 ISA 260 specifically requires us to communicate the following matters to those charged with governance:
- expected modifications to the auditor's report;
  - uncorrected misstatements;
  - adjusted misstatements;
  - qualitative aspects of accounting practices and financial reporting;
  - material weaknesses in internal control identified during the audit; and
  - matters specifically required by other auditing standards.
- 13 Table 1 identifies how each of the above requirements have been met.

**Table 1 ISA 260 Requirement**

Issues for those charged with governance

<b>ISA 260 requirement</b>	<b>Where reported</b>
Expected modifications to the auditor's report	Not applicable. An unqualified auditor's report is anticipated.
Uncorrected misstatements	Not applicable. All misstatements in the draft financial statements identified by our audit work have been adjusted for by officers apart from those misstatements that are 'clearly trivial' (as defined in professional auditing standards).
Adjusted misstatements	Paragraph 14
Qualitative aspects of accounting practices and financial reporting, including matters that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements.	There are no issues to report
Material weaknesses in internal control identified during the audit. A material weakness in internal control is a deficiency in design or operation which could adversely affect the Council's ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.	There are no issues to report

ISA 260 requirement	Where reported
<p>Matters specifically required by other auditing standards.</p> <p>Other auditing standards require us to communicate with you in other specific circumstances including:</p> <ul style="list-style-type: none"> <li>• where we suspect or detect fraud;</li> <li>• where there is an inconsistency between the financial statements and other information in documents containing the financial statements; and</li> <li>• non-compliance with legislative or regulatory requirements and related authorities.</li> </ul>	<p>There are no issues to report</p>
<p>Any other matters of governance interest</p>	<p>Paragraph 15</p>

### Adjusted misstatements

- 14 To assist you in fulfilling your governance responsibilities, we are required to consider reporting adjusted misstatements to you where these are material. We therefore draw your attention to the list of material and significant misstatements that management has adjusted in Table 2 overleaf. Officers have a complete listing of all amendments.

## Table 2 Adjusted misstatements in the financial statements

Details of material and/or significant adjustments made to the financial statements

Issue	Value of misstatement £	Impact on surplus/(deficit)
<p><b>Pebsham Tip Impairment:</b></p> <p>Pebsham Tip Impairment of £2,165k incorrectly treated, as the Council considered the impairment as a 'downwards revaluation', and have applied the 'accounting treatment for an impairment due to general market prices'. We have agreed with the Council that the impairment is due to a consumption of economic benefit as the tip will soon have no value in use. As such the accounting treatment is to charge the £2,165k to the consolidated revenue account within the line for Trading Undertakings, increasing the net cost of services. An equal amount is also charged to the 'Asset Management Revenue Account' resulting in a nil change to the declared financial performance for the year.</p>	£2.2m	
<p><b>Capital Financing Charge applied to Non-Operational Assets:</b></p> <p>Capital charges should not be made to services in respect of non-operational assets either directly or through allocation of overheads. This means that the cost of trading activity expenditure in the consolidated revenue account is overstated by £1,127k and the Asset Management Revenue Account is also overstated. This issue does not affect the overall financial performance for the year.</p>	£1,127k	

Issue	Value of misstatement £	Impact on surplus/(deficit)
<p><b>Deferred Charges funded by Government grants</b></p> <p>The Council's treatment of government grants that are funding capital expenditure (deferred charges) does not follow CIPFA's Statement of Recommended Practice. We have agreed changes with officers that increase both service income and expenditure within the consolidated revenue account. There is no impact on the reported financial performance for the year.</p>	£1,369k	
<p><b>Provisions:</b></p> <p>The Council has two provisions (Interest Equalisation and Housing Delivery) totalling £292k which we believe are not true provisions as per accounting standards, but rather represent reserves. These were created in past years and do not impact on the overall financial performance for 2005/06.</p>	£292k	

### Any other matters of governance interest

- 15 Finally, we are required to report any other matters that we believe to be of governance interest.
- 16 Last year we reported the need to undertake a reconciliation of the difference between the old legislative based concept of the credit ceiling and the new accounting based concept of the capital financing requirement. Statute requires local councils to provide annual provision to repay outstanding debt. Until the 31 March 2004, the calculation of an authority's total indebtedness was based on a statutory concept known as the credit ceiling. From the 1 April 2004, the method of calculating indebtedness is based on accounting principles and is known as the capital financing requirement. It is important to understand the reasons for any differences between the old credit ceiling and the new capital financing requirement as they seek to measure the same thing. Potentially, a material difference that cannot be explained may suggest a past error. At Hastings BC the difference between the old credit ceiling and the new capital financing requirement remains £827k. Officers have revisited past records, but are unable to resolve this remaining issue. The matter is below our materiality levels for the accounts and does not impact on the audit opinion.

- 17 Under the Government's Whole of Government Accounts initiative, we are required to audit the Council's submission by 6th October. This work is currently in progress.

### **Letter of representation**

- 18 We obtain written representations from management as an acknowledgement of its responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. The text of the required letter of representation is included at Appendix 6.

### **Next steps**

- 19 We are drawing these matters to the Audit Committee's attention so that:
- you can consider them before the financial statements are approved and certified; and
  - the representation letter can be signed on behalf of the Council and those charged with governance before we issue our opinion on the financial statements.

## Use of resources

### Value for money conclusion

- 20 The Code requires us to reach a conclusion on whether we are satisfied that the Council has proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion). To meet this responsibility, we review evidence that is relevant to the Council's corporate performance management and financial management arrangements.
- 21 We have considered the Council's arrangements to: set its strategic objectives; consult with stakeholders; ensure the quality of its data; manage service performance; manage its finances; ensure its financial standing; accurately report its financial performance; establish a system of internal control; and secure value for money. Earlier in the year, we reported our conclusions on the last five areas as part of the 'use of resources' assessment.
- 22 On the basis of our audit work, to date, we have concluded that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness from its resources except for its arrangements to manage its significant business risks.
- 23 The Council has made progress towards achieving comprehensive risk management arrangements in recent years. A risk management policy is maintained which is embraced by members. However, up to the 31 March 2006, the risk register was out of date; the recommendations raised in the risk map in 2003 have not been implemented; and portfolio risk registers are not updated on an annual basis. Whilst some reports on strategic policy decisions and project initiation documents include a formal risk assessment, others do not (for example in respect of the street cleaning contract). We are aware that the Council is addressing these issues and we will assess this in November 2006.

## Use of auditors' statutory powers

- 24 Auditors are required to consider the exercise of certain statutory powers during the course of the audit, as summarised in Table 5 below.

**Table 3 Use of statutory powers**

<b>Issue</b>	<b>Auditor responsibility</b>	<b>Impact</b>
Section 8 reports	Section 8 of the Act requires that auditors should consider whether, in the public interest, they should report on any matter that comes to their attention in the course of the audit so that it may be considered by the body concerned or brought to the attention of the public.	There have been no section 8 reports in respect of the financial year 2005/06.
Section 11 recommendations	To consider whether a written recommendation should be made to the audited body requiring it to be considered and responded to publicly.	There have been no s11 recommendations.
Best value	To consider whether to recommend that the Audit Commission should carry out a best value inspection of the Council under section 10 of the Local Government Act 1999 and/or that the Secretary of State should give a direction under section 15 of that Act.	Our work in respect of the Council's 2005/06 Best Value Performance Plan (BVPP) was reported in the 2005 annual audit and inspection letter. No recommendations were made to the Audit Commission or the Secretary of State.

## Closing remarks

- 25 This report has been discussed and agreed with the Deputy Chief Executive and Director of Finance. A copy of the report will be presented at the Audit Committee on 26 September 2006.
- 26 The Council has continued to take a positive and constructive approach to external audit and I would like to take this opportunity to express my appreciation for its assistance and co-operation.

**Darren Wells**  
**District Auditor**

September 2006

# Appendix 1 – Audit responsibilities and approach

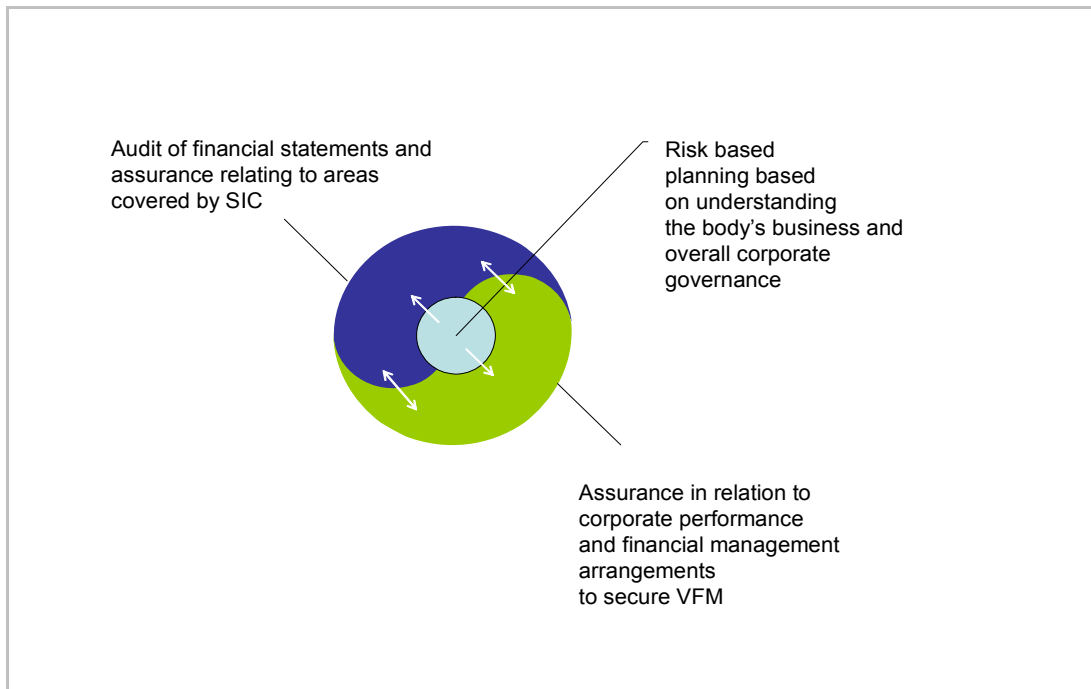
## Audit objectives

- 1 Our objective as your appointed auditor is to plan and carry out an audit that meets the requirements of the Code of Audit Practice. We adopt a risk-based approach to planning our audit, and our audit work has focused on the significant risks that are relevant to our audit responsibilities.

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### Figure 1 Code of Audit Practice

Code of practice responsibilities



## **Approach to the audit of the financial statements**

- 2 In our approach to auditing the financial statements, we adopt a concept of materiality. Material errors are those which might be misleading to a reader of the financial statements. We seek, in planning and conducting our audit of the accounts, to provide reasonable assurance that your financial statements are free of material misstatement. In planning our work we considered the arrangements of the Council which had most impact on our opinion. These included:
  - the standard of the overall control environment and internal controls;
  - reliance on internal audit;
  - the likelihood of material misstatement occurring from of material information systems; or a material error failing to be detected by internal controls;
  - any changes in financial reporting requirements; and
  - the effectiveness of procedures for producing the financial statements and supporting material.
- 3 The results of the above feed into our risk assessment which determines the level and type of testing undertaken on each element of the financial statements.

## **Approach to audit of arrangements to secure value for money**

- 4 The scope of these arrangements is defined in paragraph 20 of the Code as comprising:
  - corporate performance management; and
  - financial management arrangements.
- 5 Our conclusion is informed and limited by reference to relevant criteria covering specific aspects of audited bodies' arrangements, specified by the Code.

- 6 In planning audit work in relation to the arrangements for securing economy, efficiency and effectiveness in the use of resources, considered and assessed relevant significant business risk. Significance is defined by the Code as 'a matter of professional judgment and includes both quantitative and qualitative aspects of the risk'.
- 7 The potential sources of assurance when reaching the value for money conclusion include:
  - the Council's whole system of internal control as reported in its statement on internal control;
  - results from statutory inspections or the work of other regulators, for example, corporate assessments, service assessments (whether by the Commission or other regulators), etc.;
  - work specified by the Audit Commission, for example, the use of resources assessments, and data quality work;
  - links to the financial statements' audit, including review of internal audit, the SIC and budgetary control arrangements; and
  - other work necessary to discharge our responsibilities.

## Appendix 2 – Audit reports issued

**Table 4**

<b>Planned output</b>	<b>Planned date of issue</b>	<b>Actual date of issue</b>	<b>Addressee</b>
Audit and inspection plan	April 2005	April 2005	Hastings Borough Council
Annual governance report	27 September 2006	22 September 2006	Audit Committee
Opinion on financial statements	28 September 2006		Hastings Borough Council
Value for money conclusion	28 September 2006		Hastings Borough Council
Final accounts memorandum	31 October 2006		Management
BVPP report	31 December 2005	8 December 2005	Hastings Borough Council
Use of resources assessments	28 February 2006	15 March 2006	Hastings Borough Council

## Appendix 3 – Fee information

**Table 5**

<b>Fee estimate</b>	<b>Plan 2005/06</b>	<b>Actual 2005/06</b>
Accounts	49,960	
Use of resources	29,633	
Total audit fees*	79,593	
Voluntary improvement work	Nil	

\*Inspection and grant certification fees will be reported in the Relationship Manager Letter

As at the time of drafting this report, we were still working on the audit and could not therefore conclude on the actual fee to be charged compared with the planned audit fee. We shall write to members charged with governance in the near future.

## Appendix 4 – The Audit Commission’s requirements in respect of independence and objectivity

- 1 We are required by the standard to communicate following matters to the Audit Committee:
  - the principal threats, if any to objectivity and independence identified by the auditor, including consideration of all relationships between the Authority, directors and the auditor;
  - any safeguards adopted and the reasons why they are considered to be effective;
  - any independent partner review;
  - the overall assessment of threats and safeguards; and
  - information about the general policies and processes for maintaining objectivity and independence.
- 2 We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under auditing and ethical standards.

## **Appendix 5 – Independent auditor’s report to Hastings Borough Council**

### **Opinion on the financial statements**

I have audited the financial statements of Hastings Borough Council for the year ended 31st March 2006 under the Audit Commission Act 1998. These comprise the Consolidated Revenue Account, the Balance Sheet, the Cashflow Statement, the Collection Fund, the Statement of Total Movement in Reserves and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Hastings Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

### **Respective responsibilities of the Chief Finance Officer and auditors**

The Chief Finance Officer’s responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority in the United Kingdom 2005 are set out in the Statement of Accountable Officer’s Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

- I report to you my opinion as to whether the financial statements present fairly, the financial position of the Council in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005.

I review whether the statement on internal control reflects compliance with CIPFA’s guidance: The Statement on Internal Control in Local Government: Meeting the requirements of the Accounts and Audit Regulations 2003 (published April 2004). I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Forward. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of the Authority as at 31 March 2006 and its income and expenditure for the year then ended.

Darren Wells, District Auditor

Audit Commission, 1st Floor Rear, 16 South Park, Sevenoaks, Kent. TN13 1AN

## **Conclusion on 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 regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

### **Auditor's Responsibilities**

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

### **Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, in all significant respects, Hastings Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2006 except for putting in place arrangements to manage its significant business risks.

## **Best Value Performance Plan**

I issued my statutory report on the audit of the authority’s best value performance plan for the financial year 2005/06 on 8 December 2005. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

## **Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Darren Wells, District Auditor

Audit Commission, 1st Floor Rear, 16 South Park, Sevenoaks, Kent. TN13 1AN

## Appendix 6 – Letter of representation

To: Darren Wells, District Auditor, Audit Commission, 1st Floor Rear, 16 South Park, Sevenoaks, Kent. TN13 1AN

### **Hastings Borough Council - Audit for the year ended 31st March 2006**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other [insert relevant details eg; directors, officials, officers] of Hastings Borough Council the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2006.

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements which give a true and fair view and for making accurate representations to you.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

### **Specific representations**

There are no other material amounts relating to unfunded liabilities, curtailments or settlements of past service costs relating to pension provision other than those which have been properly recorded and disclosed in the financial statements.

### **Supporting records**

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council meetings, have been made available to you.

### **Related party transactions**

I confirm the completeness of the information provided regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

### **Contingent liabilities**

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;

## 26 Annual governance report | Appendix 4 – The Audit Commission’s requirements in respect of independence and objectivity

- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

### **Going Concern**

There are no events, conditions or related business risks which cast doubt over the Council as a going concern.

### **Law, regulations and codes of practice**

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

In all material respects, the expenditure and income disclosed in the financial statements has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Irregularities**

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

### **Post balance sheet events**

Since the date of approval of the financial statements by the Council, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

Signed on behalf of Hastings Borough Council

Signed:

Date:

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