

Finance

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26 September 2013

Our ref:

Your ref:

Dear Maria

This representation letter is provided in connection with your audit of the consolidated and parent financial statements of Oxford City Council ("the group and Council") for the year ended 31st March 2013. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and parent financial statements give a true and fair view of the Group and Council financial position of Oxford City Council as of 31st March 2013 and of its income and expenditure for the year then ended in accordance with, for the Group CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

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, for the Group, the Accounts and audit Regulations (England) 2011 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.
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 and cash flows of the Group in accordance with CIPFA LASAAC Code of Practice



on Local Authority Accounting in the United Kingdom 2012/13 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 consolidated and Council financial statements are appropriately described in the consolidated and Council financial statements.
4. As members of management of the Group and council, we believe that the Group and 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 2012/13.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Fraud

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. 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.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Group and Council's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the consolidated or council financial statements. We 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 consolidated or Council financial statements or otherwise affect the financial reporting of the Group and Council.

C. Compliance with Laws and Regulations

1. We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the consolidated and Council financial statements.

D. Information provided and Completeness of Information and Transactions

1. We have provided you with:
 - a. 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 as agreed in terms of the audit engagement
 - b. Additional information that you have requested from us for the purpose of the audit and
 - c. 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. We have made available to you all minutes of the meetings of the Council, and City Executive Board and Audit and Governance Committees held through the year.
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, 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 consolidated and Council financial statements.
5. 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 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 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 disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 41 to the consolidated and Council financial statements all guarantees that we have given to third parties.

F. Subsequent Events

1. Other than the proposed transfer of HRA assets to the General fund described in Note 6B to the consolidated and Council financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and Council financial statements or notes thereto.

G. Accounting Estimates

1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value are reasonable.
2. Accounting estimates recognised or disclosed in the financial statements:
 - a. We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - b. The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - c. The assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
 - d. No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.



H. Group Audits

1. We have obtained sufficient and appropriate information to be able to consolidate the Barton Oxford LLP with the accounts of the Council.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst parent, subsidiary undertakings and associated undertakings.

I. 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.

J. Prior period adjustment

1. The Council has completed a review of its lease disclosure notes. As a result of this review there has been a material amendment to the accounts. The main element of the amendment relates to the Council calculating the lease debtor based on current rent rather than inception rent. This meant that at 31st March 2012 the long term debtor was overstated by £4.1 million. The changes are shown in the statements as restatements to the 2011/12 statements and notes.
2. The comparative amounts have been correctly restated to reflect the above matter and appropriate note disclosure of this restatement has also been included in the current year's financial statements.

K. Use of experts

1. We agree with the findings of the experts engaged to evaluate the valuation of Property, Plant and Equipment and have adequately considered the qualifications of the experts 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 experts 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 experts.

Yours faithfully

Nigel Kennedy
Head of Finance – Section 151 Officer

I confirm that this letter has been discussed and agreed at the Audit and Governance Committee on 26th September 2013

Chair of Audit and Governance Committee

