

Grant Thornton UK LLP  
The Colmore Building  
20 Colmore Circus  
Birmingham  
West Midlands  
B4 6AT

Postal address:  
Coventry City Council  
PO Box 15  
Council House  
Coventry  
CV1 5RR

[www.coventry.gov.uk](http://www.coventry.gov.uk)

**Please contact Barry Hastie**  
**Direct line 02476 833710**  
**[barry.hastie@coventry.gov.uk](mailto:barry.hastie@coventry.gov.uk)**

5 September 2017

Dear Sirs

**Coventry City Council**  
**Group Financial Statements for the year ended 31 March 2017**

This representation letter is provided in connection with the audit of the group financial statements of Coventry City Council and its subsidiary undertakings as shown in Appendix 1 of this letter, for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the group and parent Council financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial Statements**

- i We have fulfilled our responsibilities for the preparation of the group and parent Council 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 ("the Code") which give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all statutory directions affecting the group and parent Council and these matters have been appropriately reflected and disclosed in the group and parent Council financial statements.
- iii The Council has complied with all aspects of contractual agreements that could have a material effect on the group and parent Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the group and parent Council financial statements in the event of non-compliance.

- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi We are satisfied that the material judgements used in the preparation of the group and parent Council financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vii Except as disclosed in the financial statements:
  - a there are no unrecorded liabilities, actual or contingent
  - b none of the assets of the group or parent Council has been assigned, pledged or mortgaged
  - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- ix Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- x All events subsequent to the date of the group and parent Council financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- xi Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.
- xii We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and parent Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xiii We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the group and parent Council financial statements for these misstatements brought to our attention as they are immaterial to the results of the group and parent Council and the group and parent Council's financial position at the year-end.
- xiv The group and parent Council financial statements are free of material misstatements, including omissions.
- xv We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the group and parent Council financial statements.
- xvi We believe that the group and parent Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will

be more than adequate for the group and parent Council's needs. We believe that no further disclosures relating to the group and parent Council's ability to continue as a going concern need to be made in the financial statements.

- xvii We are satisfied that the material judgements used in the valuation of investment properties are soundly based and are adequately disclosed in the financial statements.
- xviii We are satisfied that the 5 year cyclical valuation of land and property remains appropriate and do not consider that the difference in the estimated value identified in the Audit Findings Report is material to the financial statements.

### **Information Provided**

- xix We have provided you with:
  - a access to all information of which we are aware that is relevant to the preparation of the group and parent Council financial statements such as records, documentation and other matters;
  - b additional information that you have requested from us for the purpose of your audit; and
  - c unrestricted access to persons within the group and parent Council from whom you determined it necessary to obtain audit evidence.
- xx We have communicated to you all deficiencies in internal control of which management is aware.
- xxi All transactions have been recorded in the accounting records and are reflected in the group and parent Council financial statements.
- xxii We have disclosed to you the results of our assessment of the risk that the group and parent Council financial statements may be materially misstated as a result of fraud.
- xxiii We have disclosed to you all our knowledge of fraud or suspected fraud affecting the group and parent Council involving:
  - a management;
  - b employees who have significant roles in internal control; or
  - c others where the fraud could have a material effect on the group and parent Council financial statements.
- xxiv We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the group and parent Council's financial statements communicated by employees, former employees, regulators or others.
- xxv We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the group and parent Council's financial statements.
- xxvi We have disclosed to you the identity of all the group and parent Council's related parties and all the related party relationships and transactions of which we are aware.
- xxvii We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the group and parent Council financial statements.

**Annual Governance Statement**

xxviii We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

**Narrative Report**

xxix The disclosures within the Narrative Report fairly reflect our understanding of the group and parent Council's financial and operating performance over the period covered by the group and parent Council financial statements.

**Approval**

The approval of this letter of representation was minuted by the Council's Audit and Procurement Committee at its meeting on 11 September 2017.

Yours faithfully

Name.....

Position.....

Date.....

Signed on behalf of the Council

**Appendix 1 – list of subsidiary undertakings**

Coventry North Regeneration Ltd

Coventry Solihull Waste Disposal Company Ltd

North Coventry Holdings Ltd

## Appendix 2 – unadjusted mistatements

### Unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit and Procurement Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Reason for not adjusting
1 The Council have re-classified the lease of Belgrade Plaza as a finance lease rather than as an operating lease. This had a material impact on 'Note 3.28 Leases' and some of the disclosures in this note have been adjusted accordingly (see page 30). However, the Council has not adjusted the Comprehensive Income and Expenditure Statement or the Balance Sheet. The impact of this is recorded in the next two columns.	Loss on Disposal of Fixed Assets of £1,130k has not been recognised	Investment Property is overstated by £4,917k  Long Term Debtors is understated by £3,787k (this figure should also be disclosed in 'Note 3.28 – Leases' but has not been disclosed)  Unusable Reserves (Capital Adjustment Account) is overstated by £1,130k	Officers have provided the following explanation for these adjustments not being made:  "With the exception of the unearned income figures and total leasing payments within the leasing note ('future income'), the changes are not material, and the proposal not to adjust is as a result of the practical implications of making the change at this late stage. In addition to the changes listed above there would also be changes to many other notes within the accounts. It is our view that not making these adjustments would not prevent the accounts from presenting a 'true and fair' view of the financial position, performance and cash flows of the authority".