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Please ask for:	Michael Furness	Direct Dial:	01295 221845
Email:	Michael.Furness@Cherwell-dc.gov.uk	Our Ref:	Letter of Representations

07/03/2024

Dear Maria

This letter of representations is provided in connection with your audit of the consolidated and Council financial statements of Cherwell District Council (“the Group and Council”) for the year ended 31 March 2022. 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 the Group and Council financial position of Cherwell District Council as of 31 March 2022 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and Council, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (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 Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of

Practice on Local Authority Accounting in the United Kingdom 2021/22 (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 in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (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 Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) for the Group and Council that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic and the effects of the conflicts and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and Council financial statements taken as a whole. We have not corrected these differences identified and brought to our attention by the auditor because they are not material, and in the case of the projected misstatement this is not an actual misstatement, but an extrapolation based on the sample reviewed by the audit team.
6. We confirm the Group and Council does not have securities (debt or equity) listed on a recognised exchange.

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.

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 statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or 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 Group or Council’s activities, its ability to continue to operate, 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 all material transactions, events and conditions are reflected in the consolidated and Council financial statements, including those related to the COVID-19 pandemic and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.
3. We have made available to you all minutes of the meetings of the Group, 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 meeting on the following date: 13th December 2023 and 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 meeting on the following date: 4th March 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 year 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 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 applicable financial reporting framework.
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 any unauthorized 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 unauthorized 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 ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

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 38 to the consolidated and council financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Accounting policy a) General Principles 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. There have been no events, including events related to the COVID-19 pandemic,

and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to year end which require adjustment of or disclosure in the consolidated and Council financial statements or notes thereto.

G. Other information

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

H. 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, including the impact resulting from the commitments made by the Group and Council, and reflected in the consolidated and Council financial statements.
2. The key assumptions used in preparing the consolidated and Council financial statements are, to the extent allowable under the requirements of the applicable financial reporting framework, aligned with the statements we have made in the other information or other public communications made by us.

I. Prior year adjustments

There were five prior year adjustments:

1. Investment properties £39,871k - Assets had been incorrectly classified as Investment properties when they did not fit the criteria of investment properties and should have been shown as property, plant and equipment (PPE).
2. Short term creditors £6,635k - Some balances had been classified as 'Trade Payables' but should have been 'Other Payable Amounts'. This has no impact on the bottom line.
3. Financial Instruments Tables: Financial Instruments – Liabilities: £(6,007k), Financial Instruments – Assets: £5,170k, Provision (both short & long term): £9,029k, Financial Instruments – Fair value Liabilities: £46,682k, Financial Instruments – Fair value Asset: £(31,324k)
 - a. Provisions were being disclosed in the financial instruments table, but provisions fall outside the scope of IFRS 9.
 - b. Non-financial debtors and creditors had been disclosed in the fair value tables but again fall outside the scope of IFRS 9. This has no impact on the bottom line.
 - c. Some short-term payables and receivables had been incorrectly classified as non-financial, and so should be included in the financial instrument tables.
4. Minimum Revenue Provision £5,344k - The minimum revenue provision had been calculated using a 50 year asset life for all assets rather than taking into account the different lives of asset.
5. Property, plant and equipment £3,950k – Banbury Bus Station had been overvalued and treated in the valuation report as if there was a building on the

premises, whereas the area consists of an open tarmac space with no buildings.

The comparative amounts have been correctly restated to reflect the above matters and appropriate note disclosure of these restatements have also been included in the current year's consolidated and Council financial statements.

J. Ownership of Assets

1. Except for assets recognised as right-of-use assets in accordance with IFRS 16 *Leases*, the Group and Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Group and Council's assets, nor has any asset been pledged as collateral. All assets to which the Group and Council has satisfactory title appear in the balance sheet(s).
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the consolidated and Council financial statements.

K. Reserves

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

L. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the IAS 19 actuarial valuations of the Pensions Liability, the valuation of Property, Plant and Equipment and Investment Property and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and Council 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.

M. Pensions Liability, Property, Plant and Equipment, and Investment Property Estimate

1. We confirm that the significant judgments made in making the IAS 19 actuarial valuations of the pensions liability, the valuation of property, plant and equipment, and investment property estimates have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the IAS 19 actuarial valuations of the pensions liability, the valuation of property, plant and equipment, and investment property estimates.
3. We confirm that the significant assumptions used in making the IAS 19 actuarial valuations of the pensions liability, the valuation of property, plant and equipment, and investment property estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.

4. We confirm that the disclosures made in the consolidated and Council entity financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We confirm that appropriate specialized skills or expertise has been applied in making the IAS 19 actuarial valuations of the pensions liability, the valuation of property, plant and equipment, and investment property estimates.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and parent entity financial statements, including due to the COVID-19 pandemic.

N. 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 faithfully,

Michael Furness (Assistant Director of Finance, S151 Officer)
07/03/2024

Councillor Lynn Pratt (Chairman of the Accounts, Audit and Risk Committee)
07/03/2024

Communication schedule for uncorrected misstatements

Entity: Cherwell District Council

Period Ended: 31-Mar-2022

Currency: GBP

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period		
No.	WIP ref.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period Debit/(Credit)	Non taxable	
			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable			
Factual misstatements:													
1	22 CDC Group Consolidation and Notes	To a variance of £272,731 between the amounts reported in GHVDCL and the CDC/IGHH interest and fees consolidation journal. The client reverted that they had not consolidated the non-loan related intercompany balances between DevCo and ManCo and that they did not propose to amend the 21/22 group accounts as this is not material to the group accounts.				272,731							
		CDC Debtors more than one year											
		GHD Creditors more than one year	(272,731)										
		2020/21 - Shared ownership revenue incorrectly classified											
		Cr Revenue									(341,000)		
		Dr Creditors											
		2020/21 - S106 Grant income amount recognised unable to be supported											
		Grant income credited to taxation									125,928		
		S106 liability											
Judgmental misstatements:													
1	22 CDC Provision for impairment of trade receivables	To correct overstatement of impairment for bad debts, which had been overstated due to the Council having problems running an accurate aged debt report on transition to Unit 4											
		Debtors	162,000										
		Provision for bad debts								(162,000)			
Projected misstatements:													
1	22 CDC 01 Grants RIA - S106	To recognize extrapolated error identified on S106 Grants Received in Advance				345,775							
		Grants RIA-S106											
		Income								(345,775)			
Reclassification misstatements:													
1	22 CDC 01 Grants RIA - S106	To reclassify 2 items classified as S106 Grants received in advance but did not meet recognition criteria hence ought to be classified under income(The total of £250,785.3 and £214,110.17) - per client 'correcting in 2022/23, as not material'				464,895							
		Grants RIA- S106											
		Income								(464,895)			
Total of uncorrected misstatements before income tax			(110,731)	0	1,083,401	0	0	0	0	(972,870)	(215,072)		

Communication schedule for uncorrected misstatements

Entity: Cherwell District Council

Period Ended: 31-Mar-2022

Currency: GBP

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period		
No.	W/P ref.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period Debit/(Credit)	Non taxable	
			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable		
Total of uncorrected misstatements			(110,731)	0	1,083,401	0	0	0	(972,670)			(215,072)	
Financial statement amounts			71,497,000	288,155,000	142,618,000	222,008,000	4,973,000		5,918,000				
Effect of uncorrected misstatements on F/S amounts			-0.2%	0.0%	0.8%	0.0%	0.0%		-16.4%			0.0%	
Memo: Total of non-taxable items (marked 'X' above)									0			0	
Uncorrected misstatements before income tax								0.0%	(972,670)			(215,072)	
Less: Tax effect of misstatements at current year marginal rate									0			0	
Uncorrected misstatements in income tax									0			0	
Cumulative effect of uncorrected misstatements after tax but before turnaround								-16.4%	(972,670)			(215,072)	
Turnaround effect of prior period uncorrected misstatements										After tax	Memo: Before tax		
All factual and projected misstatements:										215,072	215,072		
Judgmental misstatements (Note 3):											0		
Cumulative effect of uncorrected misstatements, after turnaround effect								-12.8%	(757,598)				
Current year income before tax													
Current year income after tax												5,918,000	