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Date: XX December 2024  
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Mark Hodgson  
Ernst & Young  
One Cambridge Square,  
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CB4 0AE

This letter of representations is provided in connection with your audit of the financial statements of the London Borough of Havering (“the Council”) for the year ended 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 financial statements give a true and fair view of the Council’s financial position of London Borough of Havering as of 31 March 2023 and of its income and expenditure for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)). (See Note A.)

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), 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 (See Note B.)**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).<sup>1</sup>
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the 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 Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the

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<sup>1</sup> ISA (UK) 580.10

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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 financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements. [See Note /]
4. As members of management of the Council, we believe that the 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 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)], that are free from material misstatement, whether due to fraud or error.<sup>2</sup>
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 financial statements taken as a whole.<sup>3</sup> We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].<sup>4</sup>

[When the comparative figures have been restated]

The comparative amounts have been restated to reflect the below matter(s) and appropriate note disclosure of this (these) restatement(s) has (have) also been included in the current year's consolidated and parent Authority financial statements. [Add a paragraph providing a brief description of each matter giving rise to a restatement and the amount(s) concerned.] 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 parent Authority financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the consolidated and parent Authority financial statements for the year ended [date] are solely the result of reclassifications for comparative purposes.

6. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.
7. We confirm the Council does not have securities (debt or equity) listed on a recognised exchange [other than...].

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

1. We acknowledge that we are responsible for determining that the 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 a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.<sup>5</sup>
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.<sup>6</sup>

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<sup>2</sup> ISA (UK) 210.6(b)(ii)

<sup>3</sup> ISA (UK) 450.14

<sup>4</sup> ISA (UK) 450.A24-1

<sup>5</sup> ISA (UK) 240.40(a) (Revised May 2021)

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4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by “whistleblowers”), including non-compliance matters:

- involving financial improprieties;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the 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 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.<sup>7</sup>

### 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.<sup>8</sup>

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.<sup>9</sup> [\[See Note E\]](#)

3. We have made available to you all minutes of the meetings of the Council and committees *[add the full title of the relevant committees]* (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the *[period]* to the most recent meeting on the following date: *[list date]*.

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, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related

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<sup>6</sup> ISA (UK) 240.39(b)

<sup>7</sup> ISA (UK) 240.39(c),(d), and ISA (UK) 250A.16

<sup>8</sup> ISA (UK) 580.11(a), ISA (UK) 210.6(b)(iii)

<sup>9</sup> ISA (UK) 580.11(b)

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balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the financial statements.<sup>10</sup> [See Note F]

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 [applicable financial reporting framework].<sup>11</sup> [see 'Other illustrative representations' Estimates example wording below]
6. We have disclosed to you, and the 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.
7. From the date of our last management representation letter through to 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 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 unauthorised access to our information technology systems is reasonably likely to have a material impact to the 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

### 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 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.<sup>12</sup>
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 [X] to the financial statements all guarantees that we have given to third parties.<sup>13</sup>
4. No other claims in connection with litigation have been or are expected to be received.<sup>14</sup>

### E. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral, other than those that are disclosed in Note [X] to the financial statements. All assets to which the 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 financial statements.
3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

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<sup>10</sup> ISA (UK) 550.26

<sup>11</sup> ISA (UK) 540.37 (Revised)

<sup>12</sup> ISA (UK) 501.12

<sup>13</sup> ISA (UK) 501.12

<sup>14</sup> ISA (UK) 501.12

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4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in Note [X] to the financial statements, we have no other line of credit arrangements.

### F. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the *[describe assertion]* and have adequately considered the qualifications of the specialists 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 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.

### G. Estimates [for audits of periods ending on or after 15 December 2020]

When we have identified a higher risk estimate, we include the following representation(s) (refer to ESTIMATES 17):

1. We confirm that the significant judgments made in making the *[insert name of the accounting estimate]* have taken into account all relevant information [and the effects of the COVID-19 pandemic on XXX] 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 *[insert name of the accounting estimate]*.
3. We confirm that the significant assumptions used in making the *[insert name of the accounting estimate]* appropriately reflect our intent and ability to carry out *[describe the specific courses of action]* on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty [and the effects of the COVID-19 pandemic on XXX], are complete and are reasonable in the context of *[the applicable financial reporting framework]*.
5. We confirm that appropriate specialised skills or expertise has been applied in making the *[insert name of the accounting estimate]*.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements [, including due to the COVID-19 pandemic].
7. *[When estimates have been identified that do not meet the recognition or disclosure criteria of the applicable financial reporting framework]*. We confirm that the recognition and/or disclosure criteria within *[applicable financial reporting framework]* have not been met with respect to the accounting estimate for *[describe accounting estimate]* and accordingly we have *[not recognised the estimate in the financial statements / disclosed the existence in the notes to the financial statements but not recorded the estimate in the accounting records]*.

### H. Retirement benefits<sup>15</sup>

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.

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### I. Reserves

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

### J. Contingent Liabilities

We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

1. Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities, [continue listing as appropriate]) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
2. Matters referred to in the letters dated [date] issued to you by the Council's Monitoring Officer and the Council's legal advisor.
3. Matters referred to in the letter of comments received from the [name of regulator] regarding ....
4. ....

### K. Going Concern<sup>16</sup>

1. Note [1] to the financial statements discloses all the matters of which we are aware that are relevant to the 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.

### L. Subsequent Events

1. Other than..... described in Note [6] to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.<sup>17</sup>

### M. Other information<sup>18</sup>

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises [describe the other information applicable to the entity].
2. We confirm that the content contained within the other information is consistent with the financial statements.
3. We confirm that the Annual Governance Statement for 2022/23 is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 2022/23 and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

<sup>16</sup> ISA (UK) 570.12-2 (Revised)

<sup>17</sup> ISA (UK) 560.9

<sup>18</sup> Other information is financial and non-financial information (other than the financial statements and the auditor's report thereon) included in an entity's annual report.

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**N. 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 [*include the following language when climate-related commitments have been made:*, including the impact resulting from the commitments made by the Council,] and reflected in the financial statements.

*Yours faithfully,*

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Kathy Freeman, Strategic Director of Resources and S151 Officer

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Cllr Julie Wilkes, Chairman of the Audit Committee