

Steve Nicklin  
District Auditor  
Nickalls House  
The Metrocentre  
Gateshead  
NE11 9NH

Date: 30<sup>th</sup> September 2011

Our ref: CT/ACC/DDN/SOA

Your ref:

Dear Steve,

**Sunderland City Council - Audit for the year ended 31 March 2011**

**Letter of Representation**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Sunderland City Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2011:

***Compliance with the statutory authorities***

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Council, for the completeness of the information provided to you, and for making accurate representations to you.

***Uncorrected misstatements***

The effects of uncorrected financial statements misstatements summarised below are not material to the financial statements, either individually or in aggregate, and have therefore not been corrected.

- £1.037m included as a provision for procurement efficiencies to support the 2011/12 budget; this should have been categorised as an earmarked reserve; this will be corrected in 2011/12; and,
- £251k included as a contingent asset in relation to VAT claims for sports tuition fees; this should have been included in the accounts as a debtor; this amount has now been received in 2011/12.

***Supporting records***

All relevant information and access to persons within the entity has 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 financial statements.

***Irregularities***

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

***Law, regulations, contractual arrangements and codes of practice***

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

In particular, I confirm that equal pay has been disclosed appropriately as a contingent liability. There is sufficient uncertainty about the Council's liability for these costs and the amount of any such liability that I have concluded that a provision is not appropriate, and also that it is not possible to estimate the specific value of the potential liability in the contingent liabilities note.

***Accounting estimates including fair values***

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

I confirm that the Council's long term investment in Newcastle International Airport, which is included in the Balance Sheet, reflects the latest available valuation of the airport.

***Related party transactions***

I confirm that I have disclosed the identity of Sunderland City Council's related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirement of the framework.

***Subsequent events***

All events subsequent to the date of the financial statements, which would require additional adjustment or disclosure in the financial statements, have been adjusted or disclosed.

Signed on behalf of Sunderland City Council.

I can confirm that this letter has been discussed and agreed by the Audit and Governance Committee on 30 September 2011.

Signed:

Malcolm Page

Executive Director of Commercial and Corporate Services

