

Annual Governance Report

Avon Pension Fund

Audit 2009/10

Date **September 2010**

Contents

Key messages	4
Next steps	6
Financial statements	7
Glossary	10
Appendix 1 – Independent auditor’s report to Members of Bath and North East Somerset Council	11
Audit Report to go with the Pension Fund Annual Report	16
Appendix 2 – Unadjusted misstatements in the accounts	19
Appendix 3 – Draft letter of representation	20

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Ladies and Gentlemen

2009/10 Annual Governance Report

I am pleased to present my report on the results of my audit work for 2009/10.

I discussed and agreed a draft of the report with the Divisional Director of Financial Services on 17 September 2010 and updated it as issues have been resolved.

My report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements (pages 7 to 9);
- agree to adjust the misstatements in the financial statements I have identified, which management has declined to amend or set out the reasons for not amending the misstatements; (Appendix 2); and
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3).

Yours faithfully

Wayne Rickard
District Auditor

30 September 2010

Key messages

This report summarises the findings from the 2009/10 audit which is substantially complete. It includes the messages arising from my audit of the pension fund accounting statements included within your financial statements.

Financial statements	Results	Page
Unqualified audit opinion	Yes	7
Pension fund accounting statements free from material error	Yes	7
Adequate internal control environment	Yes	7

Audit opinion

- 1 Subject to the satisfactory clearance of outstanding issues I intend to issue an unqualified opinion on the accounts of Bath and North East Somerset Council including the Pension Fund by my deadline of 30 September 2010. Appendix 1 contains my draft report. I identified two non-trivial misstatements in the pension fund accounting statements. Management have not amended the financial statements.
- 2 I identified one disclosure issue affecting the investments note 11 to the accounting statements. This has not been amended.

Financial statements

- 3 The Council approved the draft financial statements and annual governance statement before the statutory deadline of 30 June 2010. Electronic working papers were available at the start of the audit providing a clear audit trail.

Audit fees

- 4 On 15 April 2009 I notified you of my proposed fee of £70,900, in my audit fee letter, for 2009/10 for the audit of the pension fund accounting statements. In January 2010 I issued my opinion plan for 2009/10 and said that I would keep the audit fee under review. On 15 June 2010 I notified you that I would reduce the fee for the 2009/10 audit to £47,000 because of changes to the way the Audit Commission calculates fees.
- 5 I have revisited the fee after completing the audit and I can confirm the revised fee of £47,000 remains appropriate.

Key messages

Independence

I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Next steps

This report identifies the key messages that you should consider before I issue my opinion on the pension fund's accounts, which forms part of my report on the Council's financial statements. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

- 6** This report was taken to the Pension Fund Audit Committee on 24 September for information. I ask the Corporate Audit Committee to:
- consider the matters raised in the report before approving the financial statements (pages 7 to 9);
 - agree to adjust the misstatements in the pension fund accounting statements I have identified that management has declined to amend or set out the reasons for not amending the misstatements (Appendix 2); and
 - approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3).

Financial statements

The Pension Fund's accounts are important means by which the Fund accounts for its stewardship of public funds. The Council has a final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

- 7 Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.
 - 8 I found the Pension Fund accounts to be free of material misstatement.
 - 9 The Pension Fund has an adequate control environment.
-

Outstanding matters

- 10 My work on the financial statements is largely complete. I have outstanding queries in respect of debtors and audit closure procedures to complete. The latter includes our internal quality review procedures, updating the post balance sheet events review to the date of signing the opinion, and receipt and consideration of the letter of representation.
-

Misstatements in the financial statements

- 11 I report all misstatements identified during the course of the audit that are above a trivial threshold. For this audit the threshold is £122,920. I have identified two misstatements that require reporting, these are set out at Appendix 2. Management have not adjusted the financial statements.
-

Important weaknesses in internal control

- 12 I have not identified any weakness in the design or operation of an internal control that might result in a material error in your financial statements of which you are not aware.
-

Letter of representation

- 13 Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. Appendix 3 contains the draft letter of representation.
-

Key areas of judgement and audit risk

14 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit.

Table 1 Key areas of judgement and audit risk

Issue or risk	Finding
Introduction of a separate bank account for the pension fund: we reviewed controls.	Separate bank account set up during 2009/10. Separate treasury management function introduced 1 April 2010. Bank reconciliation processes and controls are in place at the year end. Bank reconciliations were not countersigned during the year.
Changes in the Committee structure: we considered any risks for the accounts.	Review of changes did not raise any additional risks.
Changes to the accounting regulations: we considered any issues for the 2009/10 accounts.	The financial statements were substantially prepared in accordance with Pensions Statement of Recommended accounting Practice.
Working papers: we liaised with officers over the quality of working papers.	Electronic working papers available at the start of the audit providing a clear audit trail.
We considered the issue, first raised in 2008/09, of the co-mingling of pension fund and Council investments to ensure the Pension Fund was receiving appropriate returns.	Officers provided an analysis of short term cash investments showing the interest earned and paid to the pension fund. This confirmed the pension fund was receiving the correct interest income.

Unadjusted misstatements

15 Two misstatements were identified during my audit, one of which was drawn to my attention by officers. These are listed in appendix two and relate to the inclusion of debtors.

Accounting practice and financial reporting

16 I review the accounts as a whole ensuring the information across all the notes to the accounts is consistent and follows accounting guidance. I consider also the non-numeric content of your financial reporting.

Table 2 Matters arising

Issue	Finding
Reconciliation of investments and the disclosure of derivatives.	Recommended accounting practice is that the table in note 11 should show cash flows relating to derivatives, and the note should disclose that cash receipts and payments arising under derivatives contracts do not represent traditional purchases and sales

Glossary

Annual governance statement

17 A statement of internal control prepared by an audited body and published with the financial statements.

Audit closure certificate

18 A certificate that I have completed the audit following statutory requirements. This marks the point when I have completed my responsibilities for the audit of the period covered by the certificate.

Audit opinion

19 On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
 - whether they have been prepared properly, following the relevant accounting rules.
-

Qualified

20 The auditor has some reservations or concerns.

Unqualified

21 The auditor does not have any reservations.

Appendix 1 – Independent auditor’s report to Members of Bath and North East Somerset Council

Opinion on the Authority accounting statements

I have audited the accounting statements and related notes of Bath and North East Somerset Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Collection Fund and the related notes. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Bath and North East Somerset Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Divisional Director Finance and auditor

The Divisional Director Finance is responsible for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts. My responsibility is to audit the accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

I read other information published with the Authority accounting statements, and consider whether it is consistent with the audited Authority accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In my opinion the Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

Opinion on the pension fund accounting statements

I have audited the pension fund accounting statements for the year ended 31 March 2010 under the Audit Commission Act 1998. The pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. The pension fund accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Bath and North East Somerset Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Divisional Director Finance and auditor

The Divisional Director Finance is responsible for preparing the pension fund accounting statements, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the pension fund accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the pension fund accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial transactions of the pension fund during the year and the amount and disposition of the fund’s assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

I read other information published with the pension fund accounting statements and related notes and consider whether it is consistent with the audited pension fund accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the pension fund accounting statements and related notes. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the pension fund accounts and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the pension fund accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the pension fund accounts and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the pension fund accounting statements and related notes.

Opinion

In my opinion the pension fund accounting statements and related notes give a true and fair view, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial transactions of the Pension Fund during the year ended 31 March 2010, and the amount and disposition of the fund’s assets and liabilities as at 31 March 2010, other than liabilities to pay pensions and other benefits after the end of the scheme year.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, I am satisfied that, in all significant respects, Bath and North East Somerset Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

The audit cannot be formally concluded and an audit certificate issued until I have completed my consideration of matters brought to my attention by local authority electors. I am satisfied that these matters do not have a material effect on the financial statements.

Appendix 1 – Independent auditor’s report to Members of Bath and North East Somerset Council

Wayne Rickard

District Auditor

Audit Commission

3- 4 Blenheim Court

Matford Business Park

Lustleigh Close

Exeter

EX2 8PW

30 September 2010

Audit Report to go with the Pension Fund Annual Report

Independent auditor’s report to the Members of Bath and North East Somerset Council

I have audited the pension fund accounting statements for the year ended 31 March 2010. The pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. The pension fund accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies. This report is made solely to the members of Bath and North East Somerset Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Divisional Director Finance and auditor

The Divisional Director Finance is responsible for preparing the pension fund accounting statements, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice. In preparing this pension fund accounting statements, the Divisional Director Finance is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgments and estimates that were reasonable and prudent;
- keeping proper accounting records which were up to date;
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

My responsibility is to audit the pension fund accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the pension fund accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, the financial transactions of the pension fund during the year and the amount and disposition of the fund’s assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year. I also report to you whether, in my opinion, the information which comprises the commentary on the financial performance included within the Pension Fund Annual Report, is consistent with the

Appendix 1 – Independent auditor’s report to Members of Bath and North East Somerset Council

pension fund accounting statements. That information comprises [list elements as appropriate],

I review whether the governance compliance statement published in the Pension Fund Annual Report reflects compliance with the requirements of the Local Government Pension Scheme (Administration) Regulations 2008 and related guidance. I report if it does not meet the requirements specified by the Department of Communities and Local Government or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures

I read other information published with the pension fund accounting statements and related notes and consider whether it is consistent with the audited pension fund accounting statements. This other information comprises the remaining elements of the Pension Fund Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the pension fund accounting statements and related notes. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the pension fund accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the pension fund accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the pension fund accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the pension fund accounting statements and related notes.

Opinion

In my opinion:

- the pension fund accounting statements and related notes give a true and fair view, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial transactions of the Pension Fund during the year ended 31 March 2010, and the amount and disposition of the fund’s assets and liabilities as at 31 March 2010,

Appendix 1 – Independent auditor’s report to Members of Bath and North East Somerset Council

other than liabilities to pay pensions and other benefits after the end of the scheme year; and

- the information given in the commentary on financial performance included within the Pension Fund Annual Report is consistent with the pension fund accounting statements.

Wayne Rickard

District Auditor

Audit Commission

3- 4 Blenheim Court

Matford Business Park

Lustleigh Close

Exeter

EX2 8PW

30 September 2010

Appendix 2 – Unadjusted misstatements in the accounts

I identified the following misstatements during my audit, (one of which relating to the strain on the fund, was drawn to my attention by officers) but management has not adjusted the financial statements. I bring them to your attention to help you in fulfilling your governance responsibilities. If you decide not to amend, please tell me why in the representation letter. If you believe the affect of the uncorrected misstatements, individually and collectively, is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected misstatements to the representation letter.

Table 3

Description of misstatement	Accounts affected	Value of misstatement £000s
Strain on the Fund costs relating to 2009/10 not invoiced.	Debtors understated and contributions receivable understated.	1,074
Error on amount due from B&NES Council	Debtors understated and fund account understated	152

Appendix 3 – Draft letter of representation

To: Wayne Rickard
District Auditor
Audit Commission
3- 4 Blenheim Court
Matford Business Park
Lustleigh Close
Exeter
EX2 8PW

Bath and North East Somerset - Audit for the year ended 31 March 2010

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors, officers and Members of Bath and North East Somerset Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2010. All representations cover the Council's accounts and Pension Fund accounts included within the financial statements.

Compliance with the statutory authorities

I acknowledge 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: A Statement of Recommended, which give a true and fair view the financial position and financial performance of the Bath and North East Somerset Council and for making accurate representations to you.

Uncorrected misstatements

I confirm that I believe that the effects of the uncorrected financial statements misstatements listed in the attached schedule are not material to the financial statements, either individually or in aggregate. These misstatements have been discussed with those charged with governance within the Council and the reasons for not correcting these items are as follows;

reason 1 etc;
reason 2

Appendix 3 – Draft letter of representation

Supporting records

All the accounting records have 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 accounting records. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

Irregularities

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

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.
-

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; and
- 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.
-

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

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. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Fair Values

I confirm the reasonableness of the significant assumptions within the financial statements. For the material assumptions used in the preparation of the accounts such as the method of calculating depreciation, I confirm:

- the appropriateness of the measurement method;
- the basis used by management to overcome the presumption under the financial reporting framework that estimates are not used;

- the completeness and appropriateness under the financial reporting framework; and
- if subsequent events require adjustment to the fair value measurement.
-

Group entities

There are no interests in companies or joint ventures other than those disclosed in the statement of accounts.

Financial instruments

There are no financial liabilities other than those disclosed in the statement of accounts.

Assets

The following have been properly recorded and, where appropriate, adequately and completely disclosed in the financial statements:

- losses arising from sale & purchase commitments;
- agreements & options to buy back assets previously sold;
- completeness of disposals;
- impairment of fixed assets; and
- assets pledged as collateral.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

Provisions

Provisions have been fully and completely disclosed in the statement of accounts.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Contingent assets

There are no contingent assets other than those disclosed in the statement of accounts.

Appendix 3 – Draft letter of representation

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

Post balance sheet events

Since the date of approval of the financial statements by the Council, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements, other than the additional disclosure made in respect of pension fund liabilities.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Specific representations

I make the following specific representations. I confirm that:

- all unfunded liabilities e.g. discretionary added years awarded to staff in the LGPS and discretionary benefits awarded to teachers under the Teachers Pension scheme are included within the FRS17 liability figures;
- there are no matters to include in the statement of accounts arising from plans to reorganise schools;
- there are no matters to report in the accounts arising from the cancellation of capital schemes linked to changes in grant funding;
- I have reviewed the Council's contracts with the private sector and confirm that other than those disclosed in the financial statement there are no public to private service concession arrangements;
- I have disclosed to you all contracts with the private sector involving infrastructure for public services and have provided you with all legal and financial advice received by the Council in relation to those contracts; and
- all creditor payments are correctly initiated in the correct financial year.

Signed on behalf of Bath and North East Somerset Council

I confirm that the this letter has been discussed and agreed by the Corporate Audit Committee on 30 September 2010

Signed

Name T R Richens

Position Director of Financial Services (Section 151 Officer)

Date 30 September 2010