

Annual Governance Report

Wyre Forest District Council

Audit 2008/09

Date September 2009

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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

2008/09 Annual Governance Report

I am pleased to present the final version of my report on the results of my audit work for 2008/09.

A draft of the report was discussed and agreed with the Director of Finance on 22 September 2009 and has been updated since as issues have been resolved.

The 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 2 to 75);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified, which management has declined to amend or set out the reasons for not amending the errors; (Appendix 3);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 4); and

Yours faithfully

Liz cave
District Auditor
Date

Key messages

This report summarises the findings from the 2008/09 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess how well you use and manage your resources to deliver value for money and better and sustainable outcomes for local people.

Financial Statements	Results	Page
Unqualified audit opinion	Yes	7
Financial statements free from error	Yes	7
Adequate internal control environment	Yes	8
Use of resources	Results	Page
Use of resources judgements	adequate	12
Arrangements to secure value for money	Yes	12

Audit opinion

- 1 I will be issuing an unqualified opinion on the accounts by the statutory deadline of 30th September. Our draft opinion is included in Appendix 1.

Financial statements

- 2 The 'Credit Crunch' has had a significant impact on the council, and these events and the Council's response have impacted on the accounts. As a result there are a number of unusual and significant entries in the 2008/2009 accounts. This has meant it has been a challenging year for your finance staff in preparing the accounts
- 3 Despite these challenges, the financial statements were generally well presented and officers were helpful in providing timely responses to audit queries. Officers were proactive in raising significant or contentious issues with us throughout the year, allowing sufficient time for the majority of issues to be resolved prior to the final audit, which is good practice.
- 4 There were however material amendments made to the accounts as a result of the audit.

Use of Resources

- 5 I am required to consider how well the Council is managing and using its resources to deliver value for money and better sustainable outcomes for local people and give a scored 'Use of Resources' judgement.
- 6 Our approach to this has changed significantly this year from previous years. The Council is now assessed against three themes; Managing Finances, Governing the business and Managing Resources. I am required to form a view based on our assessment of the council's performance against the criteria for each of these themes specified by the commission annually as outlined in the 'fees letter'.
- 7 Our conclusions are checked to ensure that the approach is being applied consistently nationally. This process is now complete.
- 8 The Council has been assessed as a level 2 and so I have judged the Council as having adequate arrangements in place to deliver value for money and better sustainable outcomes for local people

Value for Money Conclusion

- 9 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 criteria for our Use of Resources judgement are key criteria for forming my Value for money conclusion. I have therefore concluded that the council does have proper arrangements in place, as outlined in Appendix 1

Audit Fees

- 10 In our Opinion Plan, presented to the March audit committee, we highlighted that it was likely that we would need to charge additional fee due to the number of unusual entries in this years accounts that were not anticipated when the 2008/2009 audit plan was agreed with members. We anticipate that the additional work required will be contained within the additional fee of £5,300, referred to in the opinion plan.

Next steps

This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. 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.

11 I ask the Audit Committee to:

- consider the matters raised in the report before approving the financial statements (pages 1 to 75);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified which management has declined to amend or set out the reasons for not amending the errors (Appendix 3);
- take note of the VFM Conclusion and Use of Resources score;
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 4); and

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have 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

- 12** 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.

Errors in the financial statements

- 13** As a result of the audit, material changes have been made to the accounts. The impact of errors has been to reduce the deficit by £0.58m. Errors were also identified that impacted on the balance sheet and other disclosure notes. The adjusted errors are detailed in Appendix 2.
- 14** The Council had not properly reconciled the Statement of Total Recognised Gains and Losses prior to the commencement of the audit. When this was completed by Finance staff it highlighted two significant errors. The largest related to the accounting treatment of employer's contributions which had the impact of overstating corporate and democratic core expenditure by over £0.8m. The second related to over £0.2m that was an additional accounting adjustment processed in error in relation to the creation of a revenue earmarked reserve for future capital expenditure, also within corporate and democratic core.
- 15** During the year we have been in discussion with officers about the accounting treatment of £1.85m of redundancy costs. The Council had obtained a 'Capital Direction' which allows costs to be funded from capital reserves rather than revenue, and much of the dialogue was around what could be capitalised. According to definitions within the Direction only statutory redundancy costs may be capitalised. The discretionary costs paid by the council were £0.166m of the costs of 'payment in lieu of notice' (PILON) and £0.498m other discretionary payments. The accounts already approved reflect adjustments for the discretionary sums to be financed from revenue rather than capital reserves. The post audit statements now reflect the agreement by the Director of Finance to finance the remaining PILON costs also from revenue reserves. Of the £1.85m originally planned to be financed from capital reserves, we have agreed that £0.664m should in fact be funded from revenue reserves as it does not meet the requirements of the capitalisation direction.
- 16** There is one area in the accounts where we disagree with the Council's accounting treatment. In our view, the Council has not provided sufficient evidence that approximately £90,000 of costs associated with an individual involved in the capital programme should be capitalised. It is our view that these are revenue costs. The

Council has not agreed to adjust the accounts in this respect. This and other unadjusted misstatements are detailed in Appendix 3.

Recommendation

- R1** As part of the closedown of the 2009/10 accounts, officers should ensure that the Statement of Recognised gains and losses is fully reconciled.
- R2** Capital Programme:
 - There should be early dialogue between officers and audit during 2009/2010 to ensure that any disagreements about capitalisation of costs are resolved early.
 - There should be a review of the capital programme to ensure that forward plans do not include significant expenditure that is inappropriately planned to be financed from capital balances rather than revenue.
- R3** Members should consider the listing of uncorrected errors contained in Appendix 3. you should decide whether these should be adjusted for or whether you regard these as immaterial to the accounts and thus conclude that they can remain unadjusted.

Material weaknesses in internal control

- 17** There were no identified weaknesses in internal control that were material and thus impacted significantly on our audit.

Letter of representation

- 18** Before I issue my opinion, auditing standards require me to obtain appropriate written representations from you and management about your financial statements and governance arrangements. Appendix 5 contains the draft letter of representation I seek to obtain from you.

Key areas of judgement and audit risk

- 19** In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit. My findings are set out in Table.

Table 1 Key areas of judgement and audit risk

Issue or risk*	Finding
Redundancy costs - the council has recently announced it will be making staff redundant and has sought a capitalisation direction to fund these.	We have now agreed with officers, the proportion of redundancy costs that meet the definitions within the capitalisation direction that can be funded from capital balances. We are satisfied that the

Issue or risk*	Finding
	restated accounts are properly stated in this respect.
<p>There are well publicised risks surrounding the Council's investments in Icelandic banks and the associated interest receivable.</p>	<p>The Council had £9m of balances invested in Icelandic Banks that are in administration. In order to follow proper accounting practice, it is necessary to reflect the estimate of losses relating to these balances in the accounts. Proper accounting practice is that the estimated 'loss' on these Investments should be charged to the I & E in the year in which the loss occurred – i.e. 2008/2009 which would clearly have a huge impact on the Council's financial position. A statutory override to UK GAAP was issued that created the Financial Instruments adjustments account on the balance sheet. Losses are in effect carried forward here rather than impacting on revenue balances this year. This override is extant until 2010/2011 when it is anticipated that significant sums could have been recovered and thus the impact on revenue balances reduced.</p> <p>CIPFA issued a LAAP bulletin providing guidance to affected Councils on the accounting entries to 'impair' the value of these Investments. Our audit work has focussed on ensuring that the LAAP bulletin has been complied with. We are satisfied that the accounting entries are consistent with guidance.</p>
<p>Impairments – given the current property market the authority will need to consider the carrying value of its assets.</p>	<p>The Council employed a valuer – Bruton Knowles – to provide an estimate for the impact of the fall in Council property values. This is good practice. We are satisfied that the council has taken appropriate steps to properly value its fixed assets.</p> <p>Impairment values are by their nature judgements. The Audit Commission commissioned its own valuers to provide us with regional percentages changes for specific types of assets. We have used this as a reasonableness check for those</p>

Issue or risk*	Finding
	used by the Council.
<p>Financial standing - In year events have meant that the assumptions on which the original budget were based have changed, particularly around interest rates and the related investment income. Action has been taken in year to mitigate the impact including stopping all non essential expenditure. These factors will have resulted in many budget variations The absence of robust commitment accounting increases the risk of inaccurate in year forecasting of outturn.</p>	<p>We designed tests including cut off; additional testing of accruals and journal testing to provide us with assurance that the Income and expenditure account is not materially misstated.</p>

* as reported in our Opinion Plan

Accounting practice and financial reporting

20 I consider the qualitative aspects of your financial reporting. In the course of the audit we have suggested various changes to the narrative in the accounts, either to better comply with accounting standards, or where we believe that a clearer narrative is required to enable the user of the accounts to understand them better. Detail of the changes to disclosures are summarised in Appendix 4.

21 Table 2 contains the issues I want to raise with you.

Table 2

Issue or risk	Recommendation
<p>Income cut- off: Testing of income accruals highlighted errors where year end income had not been properly accrued for. We concluded that the weakness in control was unlikely to have a significant impact on the year end position.</p>	<p>The authority should strengthen arrangements regarding the processing of income around the year end to ensure included in correct financial period. Close down procedures should be clear in this respect and adequately communicated to non finance staff in particular.</p>
<p>Reconciliation of the STRGL: The STRGL had not been reconciled appropriately at the start of the audit. The reconciliation was completed during the audit and material misstatement was identified. The STRGL is a primary financial statement and it is a weakness in the accounts process that this was not reconciled prior to the completion of draft accounts.</p>	<p>Ensure that year end procedures include a full reconciliation of the STRGL.</p>

Issue or risk	Recommendation
<p>Review of information provided by valuers: an error was identified by the Council in relation to an asset which was revalued by external valuers in previous year which was not an asset of the authority. This has been corrected by the authority in the current year accounts.</p>	<p>Valuation reports should be reviewed for reasonableness by property officers to ensure they are reasonable and do not contain erroneous items.</p>
<p>Agreement to supporting working papers: the fixed asset note 14 per the accounts has been amended as it did not agree to the supporting working paper.</p> <p>Accounting policies: accounting policies are reviewed as part of the final accounts closedown process. There is not however written documentation evidencing this review.</p>	<p>Whilst closedown procedures normally include a 'peer review' to ensure that the accounts are properly supported by working papers, there should be documentation of reviews as part of your quality assurance process.</p>
<p>Whilst we are satisfied that the audit committee has delegated authority to approve the accounts, we consider that the wording of this delegation could be considered ambiguous.</p>	<p>The delegation of authority to the audit committee for approval of the accounts should be strengthened within the constitution.</p>

Use of resources

I am required to consider how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and give a scored use of resources judgement.

I am also required to conclude whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

- 22 In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission’s current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 23 I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 24 The Council's use of resources theme scores are shown in Table 3 below. A separate report will be issued with our detailed findings and areas for improvement.

Table 3 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	2
Governing the business	2
Managing resources	2

Value for money conclusion

- 25 I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body.
- 26 I intend to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains the wording of my draft report.

Appendix 1 – Independent auditor's report to Members of Wyre Forest District Council

Opinion on the financial statements

I have audited the Authority accounting statements and related notes of Wyre Forest District Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of 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. These 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 Wyre Forest District 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 prepared by the Audit Commission.

Respective responsibilities of the Director of Resources and auditor

The Director of Resources' responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements 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 present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 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 financial 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 accounting statements, and consider whether it is consistent with the audited 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 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 financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

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 relevant criteria specified by the Audit Commission for principal local authorities. 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 February 2009, and the supporting guidance, I am satisfied that, in all significant respects, Wyre Forest District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Elizabeth Cave

(Officer of the Audit Commission)

The Business Centre

Blackpole Road

Worcester

[Date]

Appendix 2 – Adjusted amendments to the accounts

The following misstatements were identified during the course of my audit and the financial statements have been adjusted by management. I bring them to your attention to assist you in fulfilling your governance responsibilities.

Table 4

Description of error	Accounts affected	Value of error £000,s
Recharges of £9,462 have been added to expenditure and income rather than being deducted.	Income and expenditure account – Culture, environment and planning (expenditure)	(19)
	Income and expenditure account – Culture, environment and planning (Income)	19
Comparative amendment - The 2007/08 pension liability of £42,342k does not agree to the amount in the balance sheet. Amount in the balance sheet is £42,247k.	07/08 Balance Sheet – Liability related to defined benefit pension scheme	(95)
	07/08 Balance Sheet – Pensions reserve	95
Payment in Lieu of notice – Authority initially capitalised costs which were not in accordance with the capitalization direction	Statement on movement on general fund balance – revenue expenditure funded from capital	(166)
	Statement on movement on general fund balance – Net transfer from general fund balance	166
Employers pension contributions incorrectly processed through the accounts	Income and expenditure account – corporate and democratic core expenditure	837
	Statement on movement on general fund balance – employers pension contributions	(837)
An additional accounting adjustment processed in error in relation to the creation of a revenue earmarked reserve for future capital expenditure	Income and expenditure account – corporate and democratic core expenditure	(228)
	STRGL – net transfer from General Fund Balance	228

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Description of error	Accounts affected	Value of error £000,s
Right to buy claw back – principal repayment of mortgages	Income and expenditure account – housing	29
	STRGL - capital	(29)

Appendix 3 – Unadjusted misstatements in the accounts

The following misstatements were identified during the course of my audit and the financial statements have not been adjusted by management. I bring them to your attention to assist you in fulfilling your governance responsibilities. If you decide not to do so, please tell us why in the representation letter. If you believe the effect of the uncorrected errors, individually and collectively, is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected errors to the representation letter.

Table 5

Description of error	Accounts affected	Value of error £000,s
Single site fixed asset additions – items where either capitalization criteria not met or insufficient evidence provided.	Fixed asset – additions	(94)
	Income and expenditure account	94
Revised technical information received (September 2009) in relation to Icelandic Investments which has not been amended in the accounts.	Balance sheet – temporary investments	(45)
	Income and expenditure account	45
	For information: the affect on the individual balances are as follows: KSF 49,942.91 Heritable 9,116.05 Landsbanki -104,948.06	

Appendix 4 – Amended disclosure points

- 1 The table below summarises all the changes made to disclosures within the accounts

Table 6
Amendments to disclosures

Issue	details of change
Estimation techniques	Per the draft accounts there was no reference to the accounting policy of estimation techniques. This has been reconsidered and amended.
Changes to accounting policies	There are changes this year in relation to the depreciation policy. The authority now charges depreciation in the year of acquisition rather than previously charging 50% depreciation in year of acquisition. This policy change has meant there is £85k less depreciation charged to service accounts this year than would be charged based on the previous policy. The disclosure per the draft accounts did not state the reason for this change in accounting policy.
Accruals basis	Included in the draft accounts there was reference to 'the equivalent to an accruals basis'. It was not clear what this meant. The accounts have been subsequently amended.
Changes to accounts headings	As per BVACOP there have been changes to headings within the accounts. Cultural, Environmental and planning services should be renamed to Cultural, Environmental, Regulatory and planning services. Highways, Roads and transport Services has had the word roads removed from the title and the Highways/roads (routine) division renamed Environment, safety and routine maintenance
Post balance sheet events	Disclosure of the retirement of the chief Executive is made in note 46

<Table source>

Appendix 5 – Draft letter of representation

To:

Elizabeth Cave

The Business Centre

Blackpole Road

Worcester

Wyre Forest District Council - Audit for the year ended 31 March 2009.

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors of Wyre Forest District Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2009. All representations cover the Council's 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 Practice which present fairly the financial position and financial performance of the 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;

-

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 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

- 2 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
- 3 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

- 4 I confirm the reasonableness of the significant assumptions within the financial statements. For the assumptions around external investments, I confirm:
 - the appropriateness of the measurement method;
 - the basis used by management to overcome the presumption under the financial reporting framework;
 - the completeness and appropriateness under the financial reporting framework; and
 - if subsequent events do not require adjustment to the fair value measurement.

Compensating arrangements

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

Contingent liabilities

- 5 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.

Related party transactions

- 6 I confirm the completeness of the information disclosed regarding the identification of related parties.
- 7 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

- 8 Since the date of approval of the financial statements by the Council, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.
- 9 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. If adoption of the financial statements and the representation are on the same day this paragraph is not required.

Specific representations:

- 10 There are no other material amounts relating to unfunded liabilities, curtailments or settlements of past service costs relating to pension provision other than those which have been properly recorded and disclosed in the financial statements.

Signed on behalf of Wyre Forest District Council

I confirm that the this letter has been discussed and agreed by the Council on 28 September 2009

Signed

Name

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Position

Date