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**Donna Parham** *Assistant Director*  
*(Finance & Corporate Services)*

Brian Bethell  
District Auditor  
Audit Commission  
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Date: 22nd September 2011  
Your Ref:  
Our Ref:  
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## **South Somerset District Council - Audit for the year ended 31 March 2011**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of South Somerset 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 2011.

### **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 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 in the attached schedule are not material to the financial statements, either individually or in aggregate. These misstatements have been discussed with the Audit Committee and the reasons for not correcting these items are as follows;

- The Council did not accrue for services received in 2010/11: An invoice for £55,895 for services delivered before March 2011 was omitted from the accounts for 2010/11. As a result, the expenditure for 2010/11 is understated and the general fund balance is overstated by £55,895. The amount is immaterial and as such has not been amended. The omission was due to a project being managed by one service but paid from another service's budget. Steps have been put in place to mitigate the risk of this occurring in future years.
- The Council has treated a lease of land to another organisation of £3,000 per annum for 125 years as an operating lease: Under the new accounting arrangements the lease should have been reclassified as a finance lease. To remedy this, the value of the land should have been removed from the balance sheet and a long-term debtor should have been recognised. Other technical adjustments would also be required. The error has not been corrected due to the number of disclosures that would require amending and the time involved in doing so. It is felt that it would not create any additional benefit to the reader. However, it is accepted that this is an error and the amendments will be made during 2011/12 to ensure that the accounting is correct.

### **Supporting records**

All the accounting records and access to persons within the entity 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 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 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 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.

## **Accounting estimates include fair values**

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

## **Related party transactions**

I confirm that I have disclosed the identity of the 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 South Somerset District Council**

I confirm that this letter has been discussed and agreed by the Audit Committee on 22 September 2011.

Donna Parham  
**Assistant Director – Finance and Corporate Services**

22 September 2011