

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2A 1AG

26 July 2018

Dear Sirs

**Surrey County Council  
Group Financial Statements for the year ended 31 March 2018**

This representation letter is provided in connection with the audit of the group financial statements of Surrey County Council and its subsidiary undertakings shown in Appendix 1 of this report, for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the group and parent authority financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code) and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial Statements**

- i We have fulfilled our responsibilities for the preparation of the group and parent Council financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 ("the Code") which give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all statutory directions affecting the group and parent authority and these matters have been appropriately reflected and disclosed in the group and parent Council financial statements.
- iii The Council has complied with all aspects of contractual agreements that could have a material effect on the group and parent Council 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 group and parent Council financial statements in the event of non-compliance.
- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- vi We are satisfied that the material judgements used in the preparation of the group and parent Council financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vii Except as disclosed in the financial statements:
  - a there are no unrecorded liabilities, actual or contingent
  - b none of the assets of the group or parent Council has been assigned, pledged or mortgaged
  - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- ix Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- x All events subsequent to the date of the group and parent Council financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- xi Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.
- xii We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and parent Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xiii The group and parent Council financial statements are free of material misstatements, including omissions.
- xiv We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the group and parent Council financial statements.
- xv We believe that the group and parent Council's financial statements should be prepared on a going concern basis, as required by the Code. This is based on the assumption that a council will continue to operate for the foreseeable future. This assumption is based on the fact that local authorities carry out functions essential to the local community, exist by statute and are themselves revenue-raising bodies. If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. Whilst, like all local authorities, the Council is currently operating in a challenging financial environment, we do not have reason to conclude that the assumption to report on a going concern basis is no longer valid or that there is any evidence to suggest that the going concern assumption should be rebutted. We believe that no further disclosures relating to the group and parent Council's ability to continue as a going concern need to

be made in the financial statements.

- xvi We are satisfied that the significant assumptions used when measuring the Council's investment in share capital of Halsey Garton Property Ltd are reasonable.
- xvii We are satisfied that the key judgements made in ensuring the carrying value of non-current assets, not revalued in the current year are not materially different to their current value, had a full revaluation taken place at the reporting date are soundly based, in accordance with the Code and adequately disclosed in the financial statements.

### **Information Provided**

- xviii We have provided you with:
  - a access to all information of which we are aware that is relevant to the preparation of the group and parent Council financial statements such as records, documentation and other matters;
  - b additional information that you have requested from us for the purpose of your audit; and
  - c unrestricted access to persons within the group and parent Council from whom you determined it necessary to obtain audit evidence.
- xix We have communicated to you all deficiencies in internal control of which management is aware.
- xx All transactions have been recorded in the accounting records and are reflected in the group and parent Council financial statements.
- xxi We have disclosed to you the results of our assessment of the risk that the group and parent Council financial statements may be materially misstated as a result of fraud.
- xxii We have disclosed to you all our knowledge of fraud or suspected fraud affecting the group and parent Council involving:
  - a management;
  - b employees who have significant roles in internal control; or
  - c others where the fraud could have a material effect on the group and parent Council financial statements.
- xxiii We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the group and parent Council's financial statements communicated by employees, former employees, regulators or others.
- xxiv We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the group and parent Council's financial statements.
- xxv We have disclosed to you the identity of all the group and parent Council's related parties and all the related party relationships and transactions of which we are aware.
- xxvi We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the group and parent Council financial statements.

**Annual Governance Statement**

xxvii We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

**Narrative Report**

xxviii The disclosures within the Narrative Report fairly reflect our understanding of the group and parent Council's financial and operating performance over the period covered by the group and parent Council financial statements.

**Approval**

The approval of this letter of representation was minuted by the Audit and Governance Committee at its meeting on 26 July 2018.

Yours faithfully

A handwritten signature in black ink, appearing to read 'K Kilburn', written over a horizontal line.

Kevin Kilburn  
Deputy Chief Finance Officer & interim s151

Signed on behalf of Surrey County Council