

Gareth Chapman CSTJ., DL., LL.M., MBA., CMgr., DipLG., CCMI., Solicitor
Chief Executive/*Prif Weithredwr*

Appendix 1

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MERTHYR TYDFIL
County Borough Council
Cyngor Bwrdeistref Sirol
MERTHYR TUDFUL

Mr Anthony Barrett
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Date/*Dyddiad*: 23rd September 2015

Our ref./*Ein Cyf.*: SJ/MP
Your ref./*Eich Cyf.*:

Please ask for/*Gofynnwch am*: Steve Jones
Direct Line/*Llinell Uniongyrchol*: (01685) 725220
e-mail/*e-bost*:

Dear Mr Barrett

REPRESENTATIONS REGARDING THE 2014-15 FINANCIAL STATEMENTS

This letter is provided in connection with your audit of the financial statements of Merthyr Tydfil County Borough Council for the year ended 31 March 2015 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

MANAGEMENT REPRESENTATIONS

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

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- additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - Our knowledge of fraud or suspected fraud that we are aware of and that affects Merthyr Tydfil County Borough Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
 - Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
 - Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
 - The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed. I confirm that the attached Appendix 1 to this letter is a complete list of the Authority's related parties. All transfers of resources, services or obligations between the Authority and these parties have been disclosed to you, regardless of whether a price is charged. We are unaware of any other related parties, or transactions between disclosed related parties.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

I confirm that we have made you aware of all employee benefit schemes in which employees of the Authority participate.

All contractual arrangements (including side-letters to agreements) entered into by the Authority have been properly reflected in the accounting records or, where material (or potentially material) to the statement of accounts, have been disclosed to you.

Full provision has been made for all liabilities at the balance sheet date including guarantees, commitments (in particular in relation to redundancy plans) and contingencies where the items are expected to result in significant loss. Other such items, where in my opinion provision is unnecessary, have been appropriately disclosed in the financial statements.

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.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out in below:

Joint Committees - The Authority is a member of a number of jointly controlled operations, as set out in Note 47 to the accounts. These include Llwydcoed Crematorium, Glamorgan Archives, County Borough Supplies and the Welsh Purchasing Consortium. The Authority's share of the transactions and balances of Llwydcoed Crematorium is included within the Statement of Accounts but the Authority's share of the transactions and balances of the other jointly controlled operations is excluded. The Authority has judged that it does not have joint control of these bodies and that they are immaterial for inclusion within the accounts. The largest of the joint committees is the Central South Consortium Joint Education Services (CSCJES), which is managed and administered by the Central South Consortium Joint Committee. CSCJES is made up of five members, one from each of the participating Local Authorities and including MTCBC. This is considered to meet the definition of a joint operation, as the parties that have joint control have rights to the assets, and obligations for the liabilities, of the arrangement.

Where an authority is a joint operator in a joint operation or participates in a joint operation but does not have joint control, the Code requires it to recognise in its financial statements its share of the assets, liabilities, income and expenditure. MTCBC's share of the joint committees should therefore be included. The maximum potential difference in gross income and gross expenditure as a result of the omission of the joint committees would be £1.56m and £1.45m respectively, with a maximum net impact on the cost of services of £0.11m. The maximum potential impact upon net assets as at 31 March 2015 would be £0.16m.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Merthyr Tydfil County Borough Council on 23 September 2015.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

D.S. Jones

Chief Finance Officer

Date: 23 September 2015

Signed by:

Councillor David Isaac

Mayor

Date: 23 September 2015

Appendix 1: List of related parties

Related parties

Welsh Government

Welsh Government has significant influence over the general operations of the Authority in respect of providing the statutory framework within which the Authority operates, providing the majority of funding in the form of revenue and capital grants, revenue support grant and NNDR. Further details regarding grant income received and due can be found in the Comprehensive Income and Expenditure Statement (CIES) and details of NNDR Pool transactions are summarised in Note 12 to the Accounts.

Precepting bodies

These are set out in the CIES and Note 3 to the Accounts.

Members

Members of the council have direct control over the Authority's financial and operating policies. The total of members allowances paid in 2014-2015 is shown in Note 9 to the Accounts.

Chief Officers

Details of chief officers' emoluments are provided in Note 7 to the accounts.

Pension Contributions

Employer's contributions are made to the Teachers' Pension Agency and the Rhondda Cynon Taf Pension Fund in respect of the Authority's employees. Further details of amounts involved are given in Notes 45 and 46 to the Accounts.

Joint Committees

The Council is a member of the following jointly controlled operations (see Note 47):

- South East Wales Transport Alliance (to 31 March 2014)
- Glamorgan Archives
- Llwydcoed Crematorium Joint Committee
- County Borough Suppliers
- Welsh Purchasing Consortium
- Central South Consortium Joint Education Services

Other Bodies

The Authority is a member of the Welsh Joint Education Committee - WJEC CBAC Limited and the Welsh Local Government Association (WLGA).

The Council also acts as trustee for a number of trust funds, including the Aberfan Disaster Fund, Education Trust Funds and the Merthyr Tydfil Prize. Details of transactions with these Trust Funds are disclosed in Note 30 to the accounts.