

PKF Littlejohn LLP
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6 June 2018

Letter of Representation

We confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of the following representations to you in connection with your audit of the Financial Statements of the Local Government Association (the “Company”) for the year ended 31 March 2018.

General representations

- 1 We have fulfilled our responsibilities under the Companies Act 2006 (“the Act”), and as set out in your engagement letter, for preparing Financial Statements that give a true and fair view of the state of the Group and Company’s affairs at the end of the financial year and of the Group’s profit for the financial year in accordance with United Kingdom Generally Accepted Accounting Practice (“UK GAAP”), and for making accurate representations to you.
- 2 All the accounting records and relevant information have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the Group and Company, and with all other records and related information requested, including minutes of all management and shareholder meetings.
- 3 All the transactions undertaken by the Group and Company have been properly reflected and recorded in the accounting records.
- 4 The financial statements are free of material misstatements, including omissions.
- 5 We confirm that we have considered the unadjusted items advised to us by you as detailed below. We confirm we are not aware of any other unadjusted items that are not clearly trivial. In our opinion, the adjustments that you have identified and recommended us to make are not relevant to the financial statements because the combined effect of the unadjusted items is not material, and we do not consider that their absence from the financial statements affects the true and fair view given.

	SoCI		Balance Sheet	
	Dr £	Cr £	Dr £	Cr £
Dr Income (donations and grants)	124,126.51			
Cr Income (project delivery)		124,126.51		
<i>Being: An item of income which was classified incorrectly (IDA)</i>				

- 6 We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.
- 7 Each director has taken all the steps that he/she ought to have taken as a director in order to make himself aware of any relevant audit information (as defined in Section 418 of the Act) and to establish that you are aware of that information.

Internal control and fraud

- 8 We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud
- 9 We have disclosed to you all instances of known or suspected fraud affecting the Group and Company involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
- 10 We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others.

Assets and liabilities

- 11 The Group and Company has satisfactory title to all assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in the notes to the financial statements.
- 12 All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
- 13 We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

Accounting estimates

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

Loans and arrangements

- 15 The Group and Company has not granted any advances or credits to, or made guarantees on behalf of, directors other than those disclosed in the financial statements.

Legal claims

- 16 We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.
- 17 We are not aware of any material provisions, contingent liabilities, contingent assets or contracted-for capital commitments that need to be provided for or disclosed in the financial statements in accordance with the financial reporting framework.

Laws and regulations

- 18 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations, including any breaches or possible breaches of statute, regulations, contracts, agreements or the Company's Memorandum and Articles of Association, whose effects should be considered when preparing the financial statements.

Related parties

- 19 Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with the requirements of company law or accounting standards.

Subsequent events

- 20 All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed. Should further material events occur that may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, we will advise you accordingly.

Going concern

- 21 We believe that the Group's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Group's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that

no further disclosures relating to the Group's ability to continue as a going concern need to be made in the financial statements.

- 22 We confirm that the assets, liabilities and activities of the Local Government Association have not yet been transferred to LGA unlimited (company number 11177145). It is the stated intention of the Leadership Board, subject to approval by General Assembly on 3 July 2018, to transfer the assets, liabilities and activities of the Local Government Association as a going concern at some point in the near future. As a result, on this basis, we confirm that the Association's financial statements are prepared on a going concern basis.

Specific representations

- 23 We confirm that the Merseyside Pension Plan is in deficit and that contributions have been made by the Association to the scheme during the year of £3,104,000.
- 24 With regard to the defined benefit pension scheme, we confirm that we are satisfied that the actuarial assumptions underlying the valuation are consistent with our knowledge of the business and the scheme membership, active and retired. There were current service costs of £2,276,000 and past service costs of £nil with the defined benefit pension scheme during 2017/18.

Yours faithfully

Lord Porter of Spalding CBE

Signed on behalf of the board of Directors of the Local Government Association

Date: 6 June 2018