

James Collins  
Forvis Mazars  
Bank Chambers  
26 Mosley Street  
Newcastle upon Tyne  
NE1 1DF

05 November 2024

Our Ref:  
Your Ref:

Dear James,

### [Gateshead Metropolitan Borough Council - Audit for Year Ended 31 March 2024](#)

This representation letter is provided in connection with your audit of the financial statements of Gateshead Metropolitan Borough Council (the Council) for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (“the Code Update”), published in November 2022, and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

#### [My responsibility for the financial statements and accounting information](#)

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code Update and applicable law.

#### [My responsibility to provide and disclose relevant information](#)

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Strategic Director, Resources and Digital that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

### Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

### Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

### Accounting estimates, including those measured at current or fair value

I confirm that the methods, significant assumptions and the data used by the Council in making the accounting estimates, including those measured at current or fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

### Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code Update and applicable law.

### Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

## Fraud and error

I acknowledge my responsibility as Strategic Director, Resources and Digital for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

## Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code Update and applicable law.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

## Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

## Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

## Future commitments

The Council has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

## Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2023/24 in relation to the Council's service concession arrangements that you have not been made aware of.

## Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code Update and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

## Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 3 to the financial statements fairly reflects that assessment.

## Covid-19

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 3 to the financial statements fairly reflects that assessment.

## Brexit

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Annual Report fairly reflects that assessment.

## Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

## Annual Governance Statement

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

## Narrative Report

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

## Unadjusted misstatements

We confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Arrangements to achieve economy, effectiveness and efficiency in Use of Resources  
(Value for Money arrangements)

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours sincerely,

Strategic Director, Resources and Digital

Appendix 1:  
Unadjusted misstatements – current year

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Creditors (Other entities and individuals) Cr: Debtors Cr: Expenditure Our testing of other entities and individuals creditors identified two errors - one where the creditor did not exist at the year end and the other where the amount included in the creditors balance was overstated. Although the balances were trivial individually, the extrapolated error is estimated to be £4,543k.		2,969	4,543	1,574
Dr: Creditors (Accruals) Cr: Expenditure Being correction of trading expenditure for construction which should have been accounted for in 22/23. Although the actual error was trivial, the extrapolated error is estimated to be non-trivial. Correction of amount in prior year would be Dr Expenditure Cr Creditor accrual - the above would then reverse this accrual.		720	720	
<b>Aggregate effect of CY unadjusted misstatements</b>	-	3,689	5,263	1,574

## Unadjusted misstatements – carried forward from prior year

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
<p>Dr: Gross income, net cost of services (Economy, Innovation &amp; Growth portfolio)</p> <p>Cr: Current Debtors</p> <p>Being the write-back of the disputed debtor of 3,351k for a previous partnership arrangement, for which there is no realistic prospect of settlement. Note linked creditor below, however, as no legal right to offset, presented separately, as required. Also includes a further £0.181m relating to a further balance with this debtor where there is similarly no realistic prospect of settlement.</p>	3,539			3,539
<p>Dr: Creditors</p> <p>Cr: Gross Expenditure (Net Cost of Services)</p> <p>Being the cancellation of the disputed creditor for a previous partnership arrangement, for which there is no realistic prospect of settlement. Note linked debtor above, however, as no legal right to set-off, presented separately, as required.</p>		1,824	1,824	
<b>Aggregate effect of unadjusted misstatements carried forward</b>	<b>3,539</b>	<b>1,824</b>	<b>1,824</b>	<b>3,539</b>

### Unadjusted disclosure misstatements

- **Note 14 Termination benefits / Exit packages** – our testing identified one individual where the total cost disclosed in note 14 was understated due to the redundancy payment not being included in the total. Per discussion with officers, this was a timing issue due to the individual leaving in March 2024, but the payment not being made until April 2024. We challenged Council officers around the completeness of the disclosures, requesting confirmation over the information collected for the note and to check if all employees who left within the year had their redundancy packages included within the accounts. One other individual identified who had been excluded from the note. The overall impact of both errors is that the total cost figure disclosed in note 14 is understated by £30k, and the number of exit packages paid by band is understated by 1
- **Note 24 - Provisions** - the business rates appeals provision of £3.546m as at 31 March 2024 (prior year £3.990m) has not been split between current and non-current provisions as required; this would impact on the face of the balance sheet.