

20 September 2016

Grant Thornton UK LLP
7 Exchange Crescent
Conference Square
EDINBURGH
EH3 8AN



Dear Sirs

**MIDLOTHIAN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

This representation letter is provided in connection with the audit of the financial statements of Midlothian Council for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the 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 2015/16 and applicable law.

I confirm that to the best of my knowledge and belief having made such inquiries as I considered necessary for the purpose of appropriately informing myself:

Financial Statements

- i I have fulfilled my responsibilities for the preparation of the 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 2015/16 ("the Code"); which give a true and fair view in accordance therewith.
- ii I have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The Council has complied with all aspects of contractual agreements that could have a material effect on the 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 financial statements in the event of non-compliance.

- iv I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v Significant assumptions used by in making accounting estimates, including those measured at fair value, are reasonable.
- vi I am satisfied that the material judgements used in the preparation of the 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 Council has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I 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 financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.

Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.
- xi I have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report.

The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xii The financial statements are free of material misstatements, including omissions.

- xiii I have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv I believe that the Council'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 Council's needs. I believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xv I have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the 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 Council from whom you determined it necessary to obtain audit evidence.
- xvi I have communicated to you all deficiencies in internal control of which management is aware.
- xvii All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii I have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix I have disclosed to you all my knowledge of fraud or suspected fraud affecting the 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 financial statements.
- xx I have disclosed to you all my knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.
- xxi I 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 financial statements.

- xxii I have disclosed to you the identity of all the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiii I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

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

Management Commentary by the Head of Finance and Integrated Service Support

- xxv The disclosures within the Management Commentary fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 20 September 2016.

Yours sincerely



Gary Fairley
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