

Please contact: Mick Hayward
Your ref:
Our ref: 034/MH/hm_PWC
Date: 24 September 2007

Mr D Braithwaite
PricewaterhouseCoopers LLP
Level 5
80 Strand
London
WC2R 0DW

Business Support Department
Civic Centre
Strood Rochester
Kent ME2 4AU
(DX56006 STROOD)
Telephone: 01634 306000
Direct line: 01634 332220
Facsimile: 01634 332876
e-mail: mick.hayward@medway.gov.uk

Dear David

This representation letter is provided in connection with your audit of the Statement of Accounts of Medway Unitary Council "the Council" for the year ended 31 March 2007 for the purpose of expressing an opinion as to whether the Statement presents fairly the financial position of the Council as at 31 March 2007 and its income and expenditure for the year then ended.

My responsibilities as Chief Financial Officer for preparing the Statement of Accounts are set out in the Statement of Responsibilities for the Statement of Accounts. I am also responsible for the administration of the financial affairs of the Council. I also acknowledge that I am responsible for making accurate representations to you.

I confirm that the following representations are made on the basis of enquiries of other chief officers and members of the Council with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation, to satisfy myself that I can properly make each of the following representations to you.

I confirm, to the best of my knowledge and belief and having made the appropriate enquiries, the following representations:

Accounting records

I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that you the *Council's* auditors are aware of that information, including that:

- All the accounting records, whether for the purposes of financial reporting or any other purpose, have been made available to you for the purposes of your audit and all the transactions undertaken by the authority have been properly reflected and recorded in the accounting records.
- All other records and related information which might affect the fair presentation of, or necessary disclosure in, the Statement of Accounts, including minutes of *the Council* and relevant management meetings, have been made available to you and no such information has been withheld.

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

Accounting policies

I confirm that I have reviewed the Council's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of the Statement of Accounts are the most appropriate to present fairly the Authority's particular circumstances, as required by the 2006 Code of Practice on Local Authority Accounting in the United Kingdom (A Statement of Recommended Practice (the SORP)).

The Council has considered a prudent application of the statutory provisions for Single Status provisions and has determined that no provision is required.

Related Party Transactions

I confirm that the Council has disclosed all related party transactions relevant to the Council and that I am not aware of any other such matters required to be disclosed in the Statement of Accounts under the requirements of the 2006 SORP.

Employee benefits

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

Contractual arrangements/agreements

All contractual arrangements entered into by Medway Council with third parties have been properly reflected in the accounting records or, where material (or potentially material) to the Statement of Accounts, have been disclosed to you.

Assets and liabilities

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

In our opinion, on realisation in the ordinary course of the Council's business the current assets in the balance sheet are expected to produce no less than the net book amounts at which they are stated.

Retirement benefits

All significant retirement benefits that the Council is committed to providing, including any arrangements that are statutory, contractual or implicit in the Council's actions, wherever they arise, whether funded or unfunded, approved or unapproved, have been identified and accounted for in accordance with the 2006 SORP and/or disclosed.

All settlements and curtailments in respect of retirement benefit schemes have been identified and properly accounted for.

The actuarial assumptions underlying the valuation of retirement benefit scheme liabilities by the Council's actuary are consistent with my knowledge of the business and in my view would lead to the best estimate of the future cash flow that will arise under the scheme liabilities.

Provisions

Full provision has been made for all liabilities at the balance sheet date including guarantees, commitments and contingencies where the items meet the terms of FRS 12 for a provision and 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.

Litigation

I am not aware of any pending or threatened litigation, proceedings, hearing or claims negotiations which may result in significant loss to the Council.

Laws and regulations

I am not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations which provide a legal framework within which the Council conducts its business and which are central to the Council's ability to conduct its business or that could have a material effect on the financial statements.

I am not aware of any irregularities, or allegations of irregularities including fraud, involving members, management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the financial statements.

Fraud

I acknowledge responsibility for the design and implementation of internal control to prevent and detect fraud.

I have disclosed to you:

- i) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud
- ii) my knowledge of fraud or suspected fraud affecting the Council involving:
 - members
 - management
 - employees who have significant roles in internal control, or
 - others where the fraud could have a material effect on the Statement of Accounts;
- iii) my knowledge of any allegations of fraud, or suspected fraud, affecting the Council's Statement of Accounts communicated by members, employees, former employees, regulators or others

Misstatements detected during the audit

I acknowledge my responsibility for the design and implementation of internal control to prevent and detect error.

I confirm that the reasons why the misstatements that you have brought to the attention of those charged with governance, the Audit Committee, as set out in Appendix B of the Audit Report have not been adjusted in the financial statements, for the reasons set out in the report.

Those charged with governance believe their effect both individually and in aggregate is not material to the financial statements either taken as a whole or in connection with the ability properly to assess the performance and/or the financial position of the authority.

Subsequent events

There have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the financial statements or in the notes thereto.

As minuted by the Audit Committee at its meeting on 27 September 2007.

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(Chief Financial Officer)

Date

For and on behalf of Medway Unitary Authority