



Grant Thornton UK LLP  
110 Queen Street  
Glasgow  
G1 3BX

**23 November 2020**

Dear Sirs

**Highland and Western Isles Valuation Joint Board  
Financial Statements for the year ended 31 March 2020**

This representation letter is provided in connection with the audit of the financial statements of Highland and Western Isles Valuation Joint Board ("the Valuation Joint Board") for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial Statements**

- i. We have fulfilled our responsibilities for the preparation of the Valuation Joint Board's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Valuation Joint Board and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Valuation Joint Board 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 any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are 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. We have included the valuation uncertainty in relation to the valuation of property investments contained within the Valuation Joint Board's share of the Highland Council Pension Fund scheme assets recognised in accordance with IAS

19. We are satisfied that the Valuation Joint Board's share of the scheme assets are free from material misstatement.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
  - vii. Except as disclosed in the financial statements:
    - a. there are no unrecorded liabilities, actual or contingent
    - b. none of the assets of the Valuation Joint Board has been assigned, pledged or mortgaged
    - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
  - viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
  - ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
  - x. We 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.
  - xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are not material to the financial statements. The financial statements are free of material misstatements, including omissions.
  - xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
  - xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
  - xiv. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the Valuation Joint Board's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Valuation Joint Board's needs. We believe that no further disclosures relating to the Valuation Joint Board's ability to continue as a going concern need to be made in the financial statements

#### **Information Provided**

- xv. We 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. access to persons within the Valuation Joint Board via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.

- xvi. We 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. We 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. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Valuation Joint Board, and involves:
  - 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. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We 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. We have disclosed to you the identity of the Valuation Joint Board's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We 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. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Valuation Joint Board's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

**Narrative Report**

- xxv. The disclosures within the Narrative Report fairly reflect our understanding of the Valuation Joint Board'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 Valuation Joint Board at its meeting on 20 November 2020.

Yours faithfully

Name.....

Position...Convener.....

Date.....23 November 2020

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Name.....

Position.....Treasurer.....

Date.....23 November 2020

Signed on behalf of the Valuation Joint Board

## Appendix 1: Summary of Unadjusted Misstatements

Account	Dr (£)	Cr (£)
Dr CIES – Past Service Costs	40,562	
Cr Balance Sheet – Pension Liability		(40,562)

*Being estimated adjustment to include allowance for GMP equalisation as estimated by the actuary as being approximately 0.2% of funded liabilities ( $0.002 * £20,281,000 = £40,562$ )*