

Our Ref: FH.23 DHC/MM
Your Ref:
Date: 30 September 2010

If calling please ask for David Connell

Tel: (01389) 737191

KPMG LLP
191 West George Street
GLASGOW
G2 2LJ

Dear Sirs,

This representation letter is provided in connection with your audit of the financial statements of West Dunbartonshire Council (“the Council”) and its group, for the purpose of expressing an opinion (i) as to whether these financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2009 SORP, of the financial position of West Dunbartonshire Council and its group as at 31 March 2010 and the income and expenditure of West Dunbartonshire Council and its group for the year then ended; and (ii) whether the financial statements have been properly prepared in accordance with the Local Government (Scotland) Act 1973. These financial statements comprise the Balance Sheet as at 31 March 2010, the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Account, the Statement of Movement on the Housing Revenue Account Fund Balance, the Council Tax Income Account, the Non-Domestic Rate Income Account, Trust Funds and Common Good Fund, and the Group accounts (comprising the group balance sheet as at 31 March 2010, the group Income and Expenditure Account, Group Statement of Total Movements in Reserves for the year then ended, and a summary of significant accounting policies and other explanatory notes.

I understand that auditing standards require you to obtain representations from directors and officers on matters that are material to your opinion. Included in appendix A to this letter is a definition of the term “material” as I understand it.

I have made appropriate inquiries of directors and officers of the Council with the relevant knowledge and experience. Accordingly, I confirm, to the best of my knowledge and belief, the following representations:

1. The financial statements referred to above, which have been prepared on a going concern basis, give a true and fair view and have been properly prepared in accordance with relevant legal and regulatory requirements and the 2009 SORP.

2. All the accounting records have been made available to you for the purpose of your audit, and the full effect of all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records in accordance with agreements, including side agreements, amendments and oral agreements. All other records and related information, including minutes of all management, committee, and Council meetings and, when applicable summaries of actions of meetings held after the year end for which minutes have not yet been prepared, have been made available to you.
3. I am not aware of any known actual or possible non-compliance with laws and regulations that could have a material effect on the ability of the Council to conduct its business and, therefore, on the results and financial position to be disclosed in the financial statements for the year ended 31 March 2010.
4. I:
 - (a) acknowledge responsibility for the design and implementation of internal control to prevent and detect fraud and error.
 - (b) have disclosed to you my knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
 - (c) have disclosed to you my knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
 - (d) have disclosed to you the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in Appendix A to this letter is a definition of the term “fraud” as understood by the Council.

5. I confirm the completeness of the information provided to you regarding the identification of related parties and regarding transactions with such parties that are material to the financial statements. The identity of, and balances and transactions with, related parties have been appropriately accounted for and disclosed in the notes to the financial statements in accordance with the requirements of FRS 8 *Related party disclosures*. I am not aware of any other such matters required to be disclosed in the financial statements, whether under FRS 8 or other requirements. Included in Appendix A to this letter are the definitions of both a related party and a related party transaction as I understand them and as defined in FRS 8.

6. Presentation and disclosure of the fair value measurements of material assets, liabilities and components of reserves are in accordance with UK Generally Accepted Accounting Practice as applied by the 2009 SORP. The amounts disclosed represent the Council's best estimate of fair value of assets and liabilities required to be disclosed by these standards. The measurement methods and significant assumptions used in determining fair value have been applied on a consistent basis, are reasonable and such assumptions appropriately reflect the intent and ability to carry out specific courses of action on behalf of the Council where relevant to the fair value measurements or disclosures.
7. For those within the scope of FRS 12, *Provisions, Contingent Liabilities and Contingent Assets*, I have recorded all material liabilities and disclosed all contingent liabilities in the financial statements in accordance with that standard.
8. 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/or disclosed in accordance with FRS 12. Except as disclosed in the notes to the financial statements, I am not aware of any additional claims that have been or are expected to be received.
9. There are no:
 - a) other material liabilities that are required to be recognised and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements in accordance with FRS 12, including liabilities or contingent liabilities arising from illegal or possibly illegal acts, or possible violations of human rights legislation; or
 - b) other environmental matters that may have a material impact on the financial statements.
10. I confirm that:
 - a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the ability of the Council and its groups to continue as a going concern as required to provide a true and fair view.
 - b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Council and its group to continue as a going concern.

11. On the basis of the process established by the Council and having made appropriate enquiries, I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities are consistent with my knowledge of the business and the employee population profile. I agree with the findings of Hymans Robertson LLP as the Council's actuarial specialists in preparing the pension valuations. I did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact in the independence or objectivity of the specialists.

I further confirm that:

- (a) all significant retirement benefits, including any arrangements that are statutory, contractual or implicit in the employer's actions; arise in the UK and the Republic of Ireland or overseas; are funded or unfunded; and are approved or unapproved, have been identified and properly accounted for; and
- (b) all settlements and curtailments have been identified and properly accounted for.

The Council's share of the Strathclyde Pension Fund has been accounted for in the financial statements of the Council. In addition, the Scottish Teachers' Superannuation Scheme has also been accounted for appropriately in the financial statements. There are no other schemes of any significance.

12. There have been no events subsequent to the balance sheet date which require adjustment of, or disclosure in, the financial statements or notes thereto except as disclosed in the Note 32 to the financial statements.
13. The Council has satisfactory title to all assets and there are no liens or encumbrances on the Council's assets, except for those that are disclosed in the financial statements.
14. In particular I confirm that:
- on the basis of the process established by the Council and its group and having made appropriate enquiries, I am satisfied that the assumptions underlying the valuation of tangible fixed assets are consistent with my knowledge of the Council and its group and are in accordance with the requirements of the 2009 SORP and that the selected basis for valuation of the Council's housing stock remains appropriate;

- the Council has consolidated all known associated entities in its group income and expenditure account and its group balance sheet for the year ended 31 March 2010 in accordance with FRS 2 and FRS 9, as applied by the 2009 SORP. There are no other subsidiaries, associates or joint ventures of any significance. All appropriate entries have been accurately made to the 2009 SORP compliant Council financial statements and its subsidiaries, associates and joint ventures so as to comply with UK GAAP, as applied by the 2009 SORP;
- the Council has considered the impact of the current economic climate on the carrying value of its assets in accordance with FRS 11, and accounted appropriately for any adjustments required as a result of its consideration;
- income and income receivable is completely and accurately disclosed in the financial statements;
- the financial statements of the Council for the year ended 31 March 2010 include a provision in respect of unsettled equal pay liabilities and obligations under the single status agreement. This provision includes all known liabilities in relation to these obligations and there are no other known costs which have not been provided for in accordance with FRS 12; and
- except as disclosed in the financial statements of the Council and its group or notes to the financial statements of the Council and its group, there are no severance payments that have not been properly recorded in the accounting records underlying the financial statements of the Council and its group.

Yours faithfully

Executive Director of Corporate Services

Appendix A to the Management Representation Letter of West Dunbartonshire Council

Definitions

Material:

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that the users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Fraud:

The term “fraud” includes misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

- a) Misstatements resulting from fraudulent financial reporting involve intentional misstatements including omissions of amounts or disclosures in the financial statements to deceive financial statement users.
- b) Misstatements resulting from misappropriation of assets involve the theft of an entity’s assets, often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Related Party disclosures:

A party is related to an entity if:

- a) directly, or indirectly through one or more intermediaries, the party:
 - i. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - ii. has an interest in the entity that gives it significant influence over the entity; or
 - iii. has joint control over the entity;
- b) the party is an associate (as defined in FRS 9, ‘Associates and joint ventures’) of the entity;
- c) the party is a joint venture in which the entity is a venturer (as defined in FRS 9, ‘Associates and joint ventures’);
- d) the party is a member of the key management personnel of the entity or its parent;
- e) the party is a close member of the family of any individual referred to in subparagraph (a) or (d);

- f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e); or
- g) the party is a retirement benefit scheme for the benefit of employees of the entity, or of any entity that is a related party of the entity.

A related party transaction is defined as ‘The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a price is charged’