

Grant Thornton UK LLP  
 17<sup>th</sup> Floor  
 103 Colmore Row  
 Birmingham  
 B3 3AG

28/01/2026

Dear Grant Thornton UK LLP

**Sandwell Metropolitan Borough Council  
 Financial Statements for the year ended 31 March 2025**

This representation letter is provided in connection with the audit of the financial statements of Sandwell Metropolitan Borough Council ("the Authority") and its subsidiary undertaking Sandwell Children's Trust ("the group") as shown in Appendix I to this letter, for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the group and Authority 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 2024-25 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, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the group and Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("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 group and Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the group and Authority 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. Such accounting estimates include pension liability, valuation of land and buildings, investment properties and the housing stock. 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 understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the

significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 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 group and Authority financial statements:
  - a. there are no unrecorded liabilities, actual or contingent;
  - b. none of the assets of the group and Authority 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. 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 unadjusted misstatements schedule included in your Audit Findings Report and attached to this letter. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. There are no other prior period errors to bring to your attention.
- xiv. We have updated our going concern assessment. We continue to believe that the group and Authority'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:
  - a. the nature of the group and Authority means that, notwithstanding any intention to cease the group and Authority operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
  - b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and
  - c. the group and Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group and Authority's ability to continue as a going concern need to be made in the financial statements.
- xv. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.
- xvi. The group and Authority has complied with all aspects of ring-fenced grants that could have a material effect on the group and Authority's financial statements in the event of non-compliance.

## Information Provided

- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the identity of the group and Authority's related parties and all the related party relationships and transactions of which we are aware.
- xix. On 30 September 2024 Parliament approved the Accounts and Audit (Amendment) Regulations 2024. These regulations set a publication date for financial statements in respect of 2024-25 of 27 February 2025. The new National Audit Office Code of Audit Practice, which was published on 14 November 2024, also requires that where auditors are unable to conclude their work, they should issue either a qualified audit opinion or a disclaimer of opinion by this date, known as the 'backstop date'. It has not been possible to provide you with all the information required for you to complete your audit for the year ending 31 March 2025 by the backstop date. This includes the following:
  - a. providing you with:
    - i. access to all information of which we are aware that is relevant to the preparation of the group and Authority's financial statements such as records, documentation and other matters;
    - ii. additional information that you have requested from us for the purpose of your audit; and
    - iii. unrestricted access to persons within the group and Authority from whom you determined it necessary to obtain audit evidence.
  - b. communicating to you all deficiencies in internal control of which management is aware.
  - c. disclosing to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - d. disclosing to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Authority, and involves:
    - iv. management;
    - v. employees who have significant roles in internal control; or
    - vi. others where the fraud could have a material effect on the financial statements.
  - e. disclosing 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.
  - f. disclosing 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.
  - g. disclosing to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

## Annual Governance Statement

- xx. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the group and Authority'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

- xxi. The disclosures within the Narrative Report fairly reflect our understanding of the group and Authority'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 Authority's **Audit and Risk Assurance Committee** at its meeting on **[\*\*date\*\*]**.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

**Signed on behalf of the Authority**

## Appendix A – Unadjusted Misstatements

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Dr Pension liability Cr Pension reserve <b>Understatement of scheme assets</b>	-	1,008 (1,008)	-	-
Cr CIES - Other expenditure Prepayments Payables <b>Other exp testing extrapolated error - exp overstated</b>	(896)	533 363	(896)	(896)
Dr CIES - Adult social care Cr Creditors Project understatement of Controc accrual (extrapolation)	915	(915)	915	915
Dr CIES - Expenditure Cr Creditors - accruals GRNI testing - extrapolated error (extrapolation)	958	(958)	958	958
Cr CIES - Expenditure Dr Creditors - accruals Audit uncertainty over level of GRNI accruals: accruals overstated (management is continuing to reduce this)	(8,564)	8,564	(8,564)	(8564)
Dr fees and charges income Cr funds held on trust (creditors) Incorrect accounting for schools income (school balances)	5,250	(5,250)	5,250	5,250
<b>Overall impact of current year unadjusted misstatements (increase in GF)</b>	<b>(2,337)</b>	<b>2,337</b>	<b>(2,337)</b>	<b>(2,227)</b>

**Appendix B**  
**List of subsidiary undertakings**

[\*\*Insert a list of the subsidiary undertakings\*\*]

# Additional written representations from management or those charged with governance

The general letter of representation includes all written representations that are required to be made by management or those charged with governance for **every** audit.

In addition to the representations required for every audit, other ISAs (UK) require the auditor to request written representations when certain factors or situations are triggered. These ISAs and the representations are included in section 1 below.

The auditor may also determine it is necessary to obtain one or more written representations to support other audit evidence relevant to the financial statements or one or more specific assertions in the financial statements. Section 2 includes some examples of such representations.

## **1 Representations required by other ISAs where applicable**

### **ISA 570.A9-2 Going concern**

There may be situations where it is appropriate to obtain specific representations beyond those required by ISA 570.12-2(f) in support of audit evidence obtained regarding management's plans for future actions in relation to its going concern assessment and the feasibility of those plans.

## **2 Other representations**

### **ISA 580.A10 Written representations [Financial statements]**

Where relevant the auditor may want to request other representations about the following:

- whether the selection and application of accounting policies are appropriate;
- whether matters such as the following have been recognised, measured, presented or disclosed in accordance with the applicable financial reporting framework:
  - Plans or intentions that may affect the carrying value or classification of assets and liabilities;
  - Liabilities, both actual and contingent;
  - Title to, or control over, assets, the liens or encumbrances on assets, and assets pledged as collateral;
  - Aspects of laws, regulations and contractual agreements that may affect the financial statements, including non-compliance.

#### **Examples of representations:**

#### **Under "Financial Statements":**

- We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
- We have reviewed the residual value, useful life and depreciation method for the **[[Authority]]**'s property, plant and equipment at the end of the financial year to ensure they remain appropriate.

- The **[[Authority]]**'s asset register included assets with a nil net book value and are fully depreciated in the asset register. We acknowledge that are three risks in relation to this issue:
  - if these assets are no longer operational, the gross cost and accumulated depreciation balance will be overstated in the asset register and Note **[[x]]** Property, plant and equipment;
  - if these assets are operational, there is a risk that the **[[Authority]]** is not assigning appropriate asset lives to its plant and equipment assets; and
  - if these assets are operational, the **[[Authority]]** is potentially using assets that are past their prime operational functionality, which could impact on the quality of service provision.

#### **ISA 580.A12-A13 Written representations [Specific assertions]**

The auditor may consider it necessary to request that management provide written representations in other areas of the financial statements such as:

- valuations of assets and liabilities, and profit or losses foreseen on long term contract work in progress
- likely outcomes of litigation or uncertain situations
- representations concerning transactions which involve the application of specific areas of PAYE/NI, VAT
- any further areas of completeness or judgement
- any other areas where representations are necessary to provide adequate audit evidence.