

Azets Audit Services  
Regis House  
45 King William Street  
London  
EC4R 9AN

Your Ref:  
Our Ref:

[Date]

Dear Sirs/Madam

**Stevenage 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 Stevenage Borough Council (the "Council") for the year ended 31 March 2025.

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 as Section 151 Officer for the preparation of the Council's financial statements in accordance with applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code), for being satisfied that they give a true and fair view and for making accurate representations to you.
- 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 financial statements are free of material misstatements and misclassifications including omissions.
- iv. I have reviewed and approved all disclosures made in the financial statements and I am not aware of any other matters which require disclosure in order to comply with the requirements of UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code A summary of the main disclosure changes is at appendix 1.
- v. 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 any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

- vi. I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and I believe that I have appropriately fulfilled these responsibilities.
- vii. The methods, data and significant assumptions used by us in making accounting estimates, including those measured at fair value, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework. 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.
- viii. The Council has satisfactory title to all assets. The Council has no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities as at 31 March 2025 reflected in the financial statements.
- ix. 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
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- x. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of applicable law and accounting standards.
- xi. All events subsequent to the date of the financial statements and which require adjustment or disclosure have been adjusted or disclosed.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of UK adopted international accounting standards, and as interpreted and adapted by the Code.
- xiii. I believe that the Council's financial statements should be prepared on a going concern basis. I do not expect the Council to demise in its current organisational form; however, my basis for going concern acknowledges that if that situation arose the services would be transferred to another body. 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**

- xiv. I acknowledge the Council's legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as I am aware, there is no relevant audit information needed by you for the purposes of your audit of which you are unaware.
- xv. On 5 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 2026. The National Audit Office Code of Practice requires that where auditors are unable to conclude their work by

this statutory backstop date, they should issue either a qualified audit opinion or a disclaimer of opinion. It has not been possible to provide you with the all the required information for you to complete your audit for the year ending 31 March 2025 by the statutory backstop date.

This includes providing you with:

- a. access to all information of which I am aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;
- b. all additional information that you might have requested for the purpose of your audit; and
- c. access to all 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. I 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.

xviii. I have disclosed to you all information in relation to known fraud or suspected fraud that I am aware of and that affects the Council 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.

xix. I have disclosed to you all information in relation to instances of, or allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xx. 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.

xxi. I have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which I am aware.

xxii. I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

xxiii. All transactions undertaken by the Council have been recorded in the accounting records and are properly reflected in the financial statements.

#### **Narrative Report**

xxiv. The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

**Annual Governance Statement**

xxv. I am satisfied that the Annual Governance Statement fairly reflects the Council's risk assurance and governance framework, and I confirm that I am not aware of any significant risks or weaknesses in governance or internal control that are not disclosed within the Statement.

Yours faithfully

Signature:.....

Name: .....

Position: Strategic Director- Chief Financial Officer

Date.....

DRAFT

## Appendix 1

### Adjusted misstatements

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management. Details of items corrected following discussions with management are as below.

Detail	CIES £000 DR (CR)	Balance sheet £000 DR (CR)	Impact on total net expenditure £000 DR (CR)	Impact on useable reserves £000 DR (CR)
<b><u>Council dwellings valuation</u></b> The draft valuation report prepared by the valuer indicated a total valuation of £722m; however, the final report shows a valuation of £719m. No adjustments were made at the time because the final report was received after the statement of accounts had already been published in July 2025 hence both the council dwellings and revaluation reserve was understated at 31 March 2025.		DR Revaluation reserve- 2,638 CR Council dwellings- (2,638)	0	0
<b><u>Reclassification of assets from Assets Held for Sale (AHFS) to Investment Property</u></b> The asset was incorrectly classified as AHFS in 2023/24. However, this is an Investment Property hence the AHFS opening balance was overstated by £2.013m and the Investment Property opening balance was understated in 2024/25.		DR Investment Properties - 2,013 CR Assets Held for Sale – 2,013	0	0
<b><u>Expected credit losses</u></b> Expected credit loss assessments were undertaken in respect of long-term debtors due from the Council's subsidiaries, Marshgate and Queensway. This identified expected credit losses of £0.058m and £2.1m respectively, with the latter being material.		Dr Deferred capital receipts – 2,158  CR Long term debtors (Allowance for credit losses)- 2,158	0	0
<b><u>Reclassification of assets from Assets Held for Sale (AHFS) to Community assets</u></b> The asset was initially classified as held for sale in the prior year, as it was actively marketed for sale. As the sale was no longer considered probable, the Council reclassified the asset as a community asset; however, this reclassification is incorrect. The asset is not operational <b>and should therefore</b> be classified as a surplus asset. The Council has agreed that the reclassification to community assets was incorrect. As we are disclaiming our		DR Surplus Assets - 206 CR Community Assets – (206)		

opinion, we have not undertaken further procedures to identify whether this error would extrapolate to a potentially material uncertainty. Management has amended the accounts for this classification issue.				
Overall impact			0	0

### Unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made in the final set of financial statements.

Detail	CIES £000 DR (CR)	Balance sheet £000 DR (CR)	Impact on total net expenditure £000 DR (CR)	Impact on useable reserves £000 DR (CR)	Reason for not adjusting
<b><u>Other Land and buildings valuation</u></b> The revaluation amount per the financial statements is different from the amount per the financial statements. No adjustments were made at the time because the final report was received after the statement of accounts had already been published in July 2025.		DR Revaluation reserve - 106 CR Other Land and buildings (PPE) - (106)	0	0	Immaterial
<b><u>Additions</u></b> As part of our audit testing, we identified a misstatement of £12.7k which resulted in an unadjusted extrapolated error of £103k. This arose from an invoice dated September 2023 that was not received and processed until 2024/25, leading to recognition in the incorrect accounting period.		Dr Additions 103 CR Trade creditors- (103)	0	0	Immaterial and extrapolated

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit.

Disclosure / issue / omission	Outcome	Adjustment agreed?
<b>Note 22. Financial Instruments (Borrowings)</b> Financial liabilities at amortised cost are recorded at £441k; however, this needs to be adjusted to £941k to incorporate the PWLB loan short-term borrowing component. Of the total PWLB loan of £247,987k, £500k falls under current liabilities based on the maturity dates, hence the need to update the figure from £441k to £941k.	Management has agreed to make the necessary changes.	Y
<b>Note 22. Financial Instruments (Debtors)</b> Total debtors do not cast- it should be 11,558k not £11,961k. The Total financial assets should be £37,164k and not £36,761k	Management has agreed to make the necessary changes.	Y
<b>HRA 6. Capital expenditure, Financing and Receipts</b> The new council housing figure for 2023/24 differs from the signed accounts. In the current accounts, it is shown as £15,465k, whereas it was £5,284k in the prior-year accounts..	Management has agreed to make the necessary changes.	Y
<b>Prior adjustment on the reclassification of Plant &amp; Equipment to Council Dwellings</b> To correct prior-year misclassification of dwelling addition (£2,484k) incorrectly recorded as Plant & Equipment. Adjustment reduces P&E and reverses the associated revaluation uplift to maintain alignment with Savills 2023/24 valuation. Further, to correct overstated depreciation (£497k) arising from prior-year asset misclassification. Adjustment reduces HRA depreciation charge with offsetting entry to the CAA, leaving HRA reserves unchanged.	Management identified this prior period error and has confirmed they will adjust the accounts	Y
<b>Minor presentational, formatting and disclosure issues</b> We proposed a number of minor changes and narrative amendments to improve the presentation of the accounts.	Management has agreed to make the necessary changes.	Y